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GOVERNMENT AND ADMINISTRATION

The New Prime Minister

Mr James Callaghan succeeded Mr Harold Wilson as Britain's Prime Minister on 5 April.

Formerly Secretary of State for Foreign and Commonwealth Affairs, Mr Callaghan becomes, at 64, the first Prime Minister to have held all three of the traditional 'great offices of State', heading the Treasury (1964-67) and the Home Office (1967-70) as well as the Foreign and Commonwealth Office (1974-76).

His commission from the Queen to form a Government came soon after his victory the same day in the final ballot for the leadership of the Labour Party.

Mr Wilson had announced on 16 March that he intended to make way for a successor and to resign as Prime Minister as soon as the Parliamentary Labour Party[1] had completed the necessary constitutional procedures for electing a new leader. He tendered his resignation to the Queen once the outcome of the leadership election was known.

The new Prime Minister's first ministerial appointments were announced on 8 April see p 141).

LABOUR LEADERSHIP ELECTION

Mr Callaghan was elected Leader of the Labour Party after three ballots by Labour members of Parliament. In the final ballot he received a majority of 39 votes over Mr Michael Foot.

Election Procedure

Following Mr Wilson's announcement that he intended to resign as Prime Minister, a special meeting of the Parliamentary Labour Party on 16 March approved the rules for the election of a new party leader.[2]

Under the rules only Labour members of the House of Commons would be entitled to vote – a possible total of 317 votes, including that of one of the Deputy Chairmen of Ways and Means. The successful candidate would have to receive an overall majority of the votes cast. If no candidate were to receive an overall majority, a series of ballots would take place. The candidate obtaining the lowest vote in the first ballot would be eliminated. Alternatively, if the combined votes of the two, or three, lowest candidates were less than those of the candidate above them, they would be eliminated. Candidates qualifying for the second ballot would be able to withdraw if they wished, but no new nomination could be made after the first ballot.

Results

Six candidates, all of them senior members of Mr Wilson's Cabinet, were nominated for the first ballot. They were: Mr Anthony Wedgwood Benn, MP (Secretary of State for Energy); Mr James Callaghan, MP (Secretary of State for Foreign and Commonwealth Affairs); Mr Anthony Crosland, MP (Secretary of the State for the Environment); Mr Michael Foot, MP (Secretary of State for Employment); Mr Denis Healey, MP (Chancellor of the Exchequer); and Mr Roy Jenkins, MP (Home Secretary).

The result of the first ballot, announced on 25 March, was as follows:

Mr Foot	90
Mr Callaghan	84
Mr Jenkins	56
Mr Benn	37
Mr Healey	30
Mr Crosland	17

Under the rules, Mr Crosland was eliminated. Both Mr Benn and Mr Jenkins decided to withdraw from the contest.

The second ballot result was announced on 30 March:

Mr Callaghan	141
Mr Foot	133
Mr Healey	38

Mr Healey was then eliminated from the contest, and a final ballot took place between Mr Callaghan and Mr Foot. The result, announced on 5 April, was:

Mr Callaghan	176
Mr Foot	137

MR WILSON'S RESIGNATION

Mr Harold Wilson's announcement that he intended to resign as Prime Minister was made to the Cabinet on 16 March. He said that he had informed the Queen at an audience that morning of his intention to resign as Premier as soon as the Parliamentary

[1] The Parliamentary Labour Party is composed of Labour members of both the House of Lords and the House of Commons. In the party leadership election only Labour members of the Commons were entitled to vote.

[2] The system for electing the leader of the Conservative Party is described on p 93, 1975. The leader of the Liberal Party is elected by the Liberal members of the House of Commons, but proposals have been made to enlarge the electorate by including representatives of party members outside Parliament.

Labour Party had elected a new leader to form a new administration.

Statement to the Cabinet

In his statement to the Cabinet, Mr Wilson said that in March 1974 he had decided that he would remain in office for no more than two years. He had not wavered in this decision and it was irrevocable. Indeed, he had originally intended that it should take effect in September 1975, but had decided to defer it because of the paramount importance of ensuring the national acceptance and success of the counter-inflation policy the Government announced in July of that year (see pp 269-72, 1975).

Reasons

Informing his colleagues of the reasons for his decision, Mr Wilson noted that he had been Leader of the Labour Party for over 13 'exciting and turbulent years' – nearly eight of them in Government; in 31 years in Parliament he had been on the Government or Opposition Front Benches for nearly 30 years; his period as Prime Minister had been longer than that of any of his peacetime predecessors in the twentieth century. 'These years of office spanned a period when Britain, nationally and internationally, had to face storms and challenges without parallel in its peacetime history. . . . To have led four administrations, dedicated not only to solving the nation's economic problems but also to achieving a higher level of social justice and equality than our people have ever known, is a privilege conferred on a very few men.'

Mr Wilson felt that he had a clear duty to the country and to the Labour Party not to remain in office so long that others were denied the chance to seek election to the post. The fact that he began his time as Prime Minister at a comparatively early age (48) and had borne the responsibility of the office for so long meant that the age of 60 was the right age for him to promulgate a change (Mr Wilson celebrated his sixtieth birthday on 11 March).

He believed that his successor should take office now to impose his (or her) style and to work out the strategy for the remaining years of the current Parliament. He was certain, however, that the new administration would assert the same determination and dedication in Britain's counter-inflation policy that he and his colleagues had unitedly shown to the world. Equally, he was totally convinced that no conceivable reconstruction of the Cabinet could in any way lead to a weakening in resolve to fulfil completely the commitment to allies and partners overseas.

A final reason for Mr Wilson's decision to resign was 'that, in times of rapid change, you may be faced with a decision which, perhaps in different conditions, you have faced before. If on the earlier occasion you considered and rejected a particular course of action, there is a tendency to say that you have been into that, so you do not give the fresh consideration the circumstances may require. I am determined not to succumb to this danger.'

Achievements

Turning to the achievements of the past two years, Mr Wilson declared that the 'governability' of Britain was today in no doubt because the economic and social governance of the country had been established on the basis of the consent of the people. The Government's counter-inflation policies had been accepted by the great majority of the nation, and its counter-inflation target for the end of the year was in sight of achievement.

In 1975 the current account deficit on Britain's balance of payments was less than half the 1974 deficit (see p 164), even though the country had had to meet, in a period of unprecedented world economic problems, the fivefold increase in the price of imported oil. The value of British exports was rising strongly – by 4 per cent in the last three months compared with the previous three months – and at a much faster rate than imports.

For two years Britain had had to face the consequences of world inflation and world unemployment, but now the economy was beginning to revive. Business confidence was higher than at any time since the autumn of 1973, and there were growing signs that the rate of increase in unemployment was running at a very much lower level than in 1975, particularly the last three months of that year.

For the first time, industrial problems were being tackled 'by relevant micro-economic action in place of an over-reliance on clumsy and often ineffective macro-economic lurches; through the National Economic Development Council and direct action to restructure and modernise particular industries; through the National Enterprise Board and specific sectoral actions to strengthen our economic base, which is manufacturing industry'.

The Government had embarked on the biggest programme of industrial training and retraining in Britain's history. It had carried through the greatest-ever improvements in the standards of pensioners and others dependent on the social services, particularly the disabled, and it had restored the house-building programme to over 300,000 houses a year.

In world affairs Britain's relations with the United States, with European countries, East and West, and with the Commonwealth were better than for many years. British membership of the European Community had been confirmed. Relations with the United States had recently been described by President Ford as being 'as good as they have ever been'.

The Future

Looking to the future, Mr Wilson said that above all he was a parliamentarian and would remain in Parliament 'as long as my constituency will put up with me'; he hoped to see more of his constituents and to put in more time on their behalf. He would not go into industry or take paid employment, nor would he accept the headship or other office in any place of learning (apart from his existing role as Chancellor of the University of Bradford). He might occasionally give lectures in Britain or overseas, as he had done for many years, but not to the detriment of his parliamentary work.

Mr Wilson said that he would not accept a ministerial appointment, but his successor as Premier would be able to count on his full support in the House of Commons, in the Parliamentary Labour Party and in the country.

Cabinet Ministers' Statement

In a collective statement on 16 March, Cabinet ministers recorded that they had 'learned with deep regret of the wholly unexpected message which the Prime Minister had earlier conveyed to the Queen'. They would have wished it otherwise, but respected a personal and irrevocable decision. 'The Prime Minister has carried the burden of leadership with outstanding wisdom and dedication', the statement continued. 'The whole Cabinet wishes to place on record immediately its sense of loss and its profound gratitude to Harold Wilson for the unique service he has given to the country and his party over the past 13 years.'

PRIME MINISTER'S ADDRESS TO THE NATION

Soon after taking up office as Prime Minister, Mr Callaghan spoke to the British people on radio and television. The text of his address was as follows:

'Following my election as Leader of the Parliamentary Labour Party, Her Majesty the Queen has invited me to form a Government and I have accepted that invitation. That was less than three hours ago and my first engagement as Prime Minister is to give to you, the people of Britain, and to share with you, my thoughts about our country and what we should be doing.

'I'm bound to start with our economic prospects. You know as I do, that we face two deep-seated problems – inflation and unemployment. Both of them are still too high. I, therefore, emphasise at the outset that the new Government's aim will be to drive on with the vital job of bringing down the rate of inflation. We've made good progress in the last year – thanks to the understanding and co-operation of the trade unions and their members, but I say this to them, as I say it to everyone, we have a long way to go and I emphasise to you that if we fail to bring down inflation, we shall never succeed in overcoming unemployment. We can't have a prosperous industry in this country if we're unable to sell our goods overseas. No-one owes Britain a living.

'Let me say to you quite bluntly that despite the measures of the last 12 months, we are still not earning the standard of life we are enjoying. We're only keeping up our standards by borrowing and this cannot go on indefinitely. There's no soft option. I don't promise you any real easement for some time to come. There can be no lasting improvement in your living standards until we can achieve it without going deeper and deeper into debt as a nation.

'Well, that sounds a gloomy start, but it isn't all gloomy. Britain's a country which can have a great future. The tasks are formidable but if we tackle them with energy and with determination and with optimism we can overcome them, but we need a national effort to do it. Everybody must be in this if we're to succeed.

'And in addition in a free country like ours, as far as possible our Government must be carried on by consent. Now that places upon ministers, and particularly upon myself, a special responsibility to take you into our confidence. To tell you the truth, to explain the facts. Tell the people, consult the people, trust the people and we can win the people to whatever measures are required even if they're disagreeable – that's the way I want to proceed.

'The Government is not just about economic management and technical competence. I want this new Labour Government to be a reforming Government which will maintain social priorities which are at the heart of Labour's programme. I want our administration not only to make Britain economically healthier, but to make it a society with greater fairness and greater social justice. There's so much that's good about our country and so often we fail to recognise it.

'Let us set ourselves some aims. Let's root out injustice and put it right wherever we can. Let's pursue equality based on mutual respect. Let's have honesty and fair dealing. Let's care for those in need, but don't allow the greedy, the grasping or the selfish to take advantage of society. Let's be enemies of vandalism and violence and let us cherish our freedoms in a world where they are being eroded.

'Do you, like me, sometimes feel that we've been slipping? Then join me, join all of us in a national effort to uphold our values and our standards. And one final word, first to our young people. Young people are naturally good-hearted and generous and I want to appeal to you, all of you young people – play your full part in our efforts. It will be your world. Help us to build it. And to those who are in middle life, the parents of families, families growing up, you whose idealism of life has been tempered with the need to earn your living and care for the young family, with mortgages and hire purchase to pay, let me say I'm well aware how much of the national burden you carry. You're at the heart of the battle for our national survival and I ask you to stand firm in your attitude both to our values and to our future.

'And finally to the elder generation. i beg of you please, not to think that because the younger generation's standards are different from ours that they're necessarily worse than we were. Life's very different today from what it was when we were young, but the younger generation are flesh of our flesh, they're basically the same people that we were. You and I have lived through good and bad days in our country's history, but this country has survived such periods before and emerged greater at the end. So let those of us who are older, encourage and help those who are younger. Urge them to rebuild Britain again upon secure foundations and to you all I pledge my efforts, not only to re-establish our country's fortunes but to uphold those values and freedoms we all care about. Let us unite in our efforts and together we will build a society that is economically prosperous, socially just and truly free.'

Ministerial Appointments

THE CABINET

The new Cabinet, announced on 8 April, comprises 23 members including the Prime Minister.

New appointments, with previous ministerial posts shown in brackets, are as follows:

Lord President of the Council and Leader of the House of Commons
Mr Michael Foot, MP (Secretary of State for Employment)

Secretary of State for Foreign and Commonwealth Affairs
Mr Anthony Crosland, MP (Secretary of State for the Environment)

Secretary of State for Prices and Consumer Protection and Paymaster General
Mrs Shirley Williams, MP (formerly solely Secretary of State for Prices and Consumer Protection)

Secretary of State for the Environment
Mr Peter Shore, MP (Secretary of State for Trade)

Secretary of State for Scotland
Mr Bruce Millan, MP (Minister of State, Scottish Office)

Secretary of State for Employment
Mr Albert Booth, MP (Minister of State, Department of Employment)

Secretary of State for Trade
Mr Edmund Dell, MP (Paymaster General)

Secretary of State for Social Services
Mr David Ennals, MP (Minister of State, Foreign and Commonwealth Office)

Cabinet ministers holding the same posts that they held under Mr Wilson are:

Lord Chancellor
Lord Elwyn-Jones

Secretary of State for the Home Department
Mr Roy Jenkins, MP

Chancellor of the Exchequer
Mr Denis Healey, MP[1]

Secretary of State for Energy
Mr Anthony Wedgwood Benn, MP

Secretary of State for Industry
Mr Eric Varley, MP

Secretary of State for Defence
Mr Roy Mason, MP

Secretary of State for Wales
Mr John Morris, MP

Secretary of State for Northern Ireland
Mr Merlyn Rees, MP

Minister of Agriculture, Fisheries and Food
Mr Frederick Peart, MP

Chancellor of the Duchy of Lancaster
Mr Harold Lever, MP

Lord Privy Seal and Leader of the House of Lords
Lord Shepherd

[1] One of Mr Callaghan's first acts on becoming Prime Minister was to announce that Mr Healey would remain Chancellor of the Exchequer.

Secretary of State for Education and Science
Mr Frederick Mulley, MP

Minister for Overseas Development
Mr Reginald Prentice, MP

Minister for Planning and Local Government
Mr John Silkin, MP

Four former Cabinet ministers have resigned from the Government. They are: Mr Edward Short, MP (formerly Lord President of the Council and Leader of the House of Commons); Mrs Barbara Castle, MP (formerly Secretary of State for Social Services); Mr William Ross, MP (formerly Secretary of State for Scotland); and Mr Robert Mellish, MP (formerly Parliamentary Secretary to the Treasury – the Government Chief Whip).

Cabinet ministers (with the exception of the Prime Minister and the Lord Chancellor who receive £20,000 a year) have annual salaries of £13,000. Cabinet ministers who are members of the House of Commons also receive a parliamentary salary of £3,000.

CHANGES OUTSIDE THE CABINET

The following non-Cabinet appointments were also announced on 8 April:

Minister of State, Privy Council Office
Mr John Smith, MP (Minister of State, Department of Energy)

Minister of State, Department of Health and Social Security
Mr Stanley Orme, MP (Minister of State, Northern Ireland Office)

Parliamentary Secretary to the Treasury (Government Chief Whip)
Mr Michael Cocks, MP (Lord Commissioner of the Treasury)

Lord Crowther-Hunt, formerly Minister of State at the Privy Council Office, has resigned from the Government.

Mr Smith, Mr Orme and Mr Cocks all receive ministerial salaries of £9,500 a year plus a parliamentary salary of £3,700.

A full list of Government ministers will be published in the May issue of *Survey of Current Affairs*.

Northern Ireland

Recent developments in Northern Ireland include the dissolution of the Constitutional Convention and the ending of special category status for convicted terrorists. In addition there has been an announcement on the setting up of a ministerial committee to review economic and industrial strategy in Northern Ireland; summit talks, which included discussions on the problems of Northern Ireland, have been held with the Irish Republic; and a number of Orders concerning Northern Ireland have been approved by the House of Commons. Information

on the work of the security forces in Northern Ireland during the past year is given in the 1976 defence statement summarised in this issue (see p 148).

DISSOLUTION OF THE CONVENTION

The failure of the Constitutional Convention to devise a system of government for Northern Ireland which would have sufficient support in both parts of the community to provide stable and effective government led to its dissolution by Order in Council on 5 March.

In making this announcement in the House of Commons (*Hansard*, 5.3.76, col 1715) the Secretary of State for Northern Ireland, Mr Rees, told the House that although a number of meetings between the Convention parties had been held after the Convention had been reconvened (see p 54), no progress had been made towards agreement on a workable system of government for the Province, and, from the debates and resolutions in the Convention itself, it had become clear that none would, in fact, be made. Mr Rees was sure that the House would share the Government's 'deep regret' that the opportunity provided by the Convention had been lost, but in the circumstances, he saw no 'instant solution', and the Government, while it still aimed at a devolved system of government for Northern Ireland, was not contemplating any major new initiative for some time to come. The need, at the moment, was for a period of constitutional stability in which to tackle the problems of violence and unemployment.

Direct Rule

The Secretary of State said that, because the Convention had never been a part of any system of government, there would be no need for any immediate change, and direct rule under the terms of the Northern Ireland Act 1974 (see p 304, 1974) could go on. The Government intended to discharge its responsibility for all aspects of the affairs of Northern Ireland in a positive manner and, in particular, would (a) give full support to the security forces in bringing to justice before the courts criminals from all parts of the community, and (b) continue to do everything possible within the resources available to mitigate Northern Ireland's economic problems and to promote employment.

SPECIAL CATEGORY PRISONERS

The ending of 'special category' status for convicted terrorists (see p 47, 1975) was announced in the House of Commons (*Hansard*, 1.3.76, col 914) by the Secretary of State for Northern Ireland, who told members that, with effect from midnight on the last day of February, those who committed crimes would not be granted political status when they were sentenced. 'I must make it clear', he said, 'that those who murder, and those who shoot, bomb and commit other crimes are criminals and will not get special treatment in future.' He regarded this decision, he said, as running parallel to the other steps the Government was taking to achieve the primacy of the police.

ECONOMIC AND INDUSTRIAL STRATEGY

The institution of a wide-ranging review of economic and industrial strategy in Northern Ireland was announced by the Secretary of State for Northern Ireland in a statement issued from the Northern Ireland Office, Belfast, on 15 March.

In this statement Mr Rees explained that although Northern Ireland had been 'generously treated' in the allocation of national resources, it had not escaped the current national economic difficulties. In any case difficulties of this kind had always been felt more acutely in the Province because it suffered from certain natural disadvantages – for instance, a lack of natural resources and higher costs of transportation and fuel. It was therefore clear that Government strategy in Northern Ireland needed to be reassessed not simply in the light of the present economic situation, but also, more importantly, from a long-term point of view. The basic aim of the review (during which there would be discussions with Northern Ireland's Economic Council and with both sides of industry) was to be 'to ensure that the full potential of public and private enterprise is organised in such a way as to bring about the maximum benefit in terms of industrial activity and employment over the next few years'.

PRIME MINISTERS' MEETING

Following a meeting of the Prime Minister of the United Kingdom (accompanied by the Secretary of State for Northern Ireland and the Minister of State at the Foreign and Commonwealth Office) with the Prime Minister of the Irish Republic (the Taoiseach – accompanied by the Deputy Prime Minister of the Irish Republic and its Minister for Foreign Affairs) on 5 March, a communiqué was released expressing satisfaction at the 'excellent results' which had been achieved by co-operation in security between the two countries. The communiqué went on:

On Northern Ireland, the Prime Minister and the Taoiseach reaffirmed their identity of interest, with that of the people of Northern Ireland, in ending violence and restoring peace and stability. They agreed that an acceptable form of government there could be established only through both sections of the community agreeing on a system providing for partnership and participation. The Prime Minister and the Taoiseach said that they would support in every possible way institutions of government agreed on this basis. Pending such an agreement, a period of direct rule and constitutional stability was necessary.

The Prime Minister and the Taoiseach agreed that a solution to the problems of Northern Ireland could be found only through elected representatives and political parties and not through negotiations with para-military organisations. . . .

VISIT OF THE PRIME MINISTER OF THE IRISH REPUBLIC TO THE USA

In a speech to a joint session of Congress in Washington on 17 March (during his six-day visit to the USA) the Prime Minister of the Irish Republic, Mr Cosgrave, condemned those 'in Ireland and

elsewhere' who 'support violence at a distance and who can sleep easy on the wounds of others'. Some people had contributed to this violence in the most direct way possible by sending guns and explosives to Northern Ireland; a much larger number had contributed, thoughtlessly or otherwise, to organisations nominally engaged in relief work, which had used that money to buy guns and explosives for use in Northern Ireland. These people, 'whatever their motives, with every penny, dime or dollar they give thoughtlessly for such purposes, [are] helping to kill or maim Irish men and women of every religious persuasion in Ireland. They are clearly and directly postponing any possible hope of realising the traditional aim of Irish nationalism to which they would claim to be committed – the establishment of harmony and a sense of common identity between "Protestant, Catholic and Dissenter" in Ireland.'

Mr Cosgrave also pointed out that men of violence had been rejected in every election in each part of Ireland which they had contested. They were not represented by a single democratically elected member of the Parliament of the Republic, nor had they been represented by any member of any recently elected parliamentary body in Northern Ireland. 'Few politically motivated groups in the public eye have ever, in any country, been so decisively and overwhelmingly rejected by the people.'

Later, the President of the United States, Mr Ford, and Mr Cosgrave, in a joint communiqué 'deplored all support for organisations involved directly or indirectly in campaigns of violence'.

ADMINISTRATIVE COSTS UNDER DIRECT RULE

Included in a number of Orders in Council concerning Northern Ireland, which were approved by the House of Commons on 11 March, was the Appropriation (Northern Ireland) Order 1976, which is one of an annual cycle of Orders making available the money required for what were known under the Northern Ireland Constitution Act 1973 (see p 231, 1973) as 'transferred' services, and are administered by the Northern Ireland departments.

In moving that the Order be approved (*Hansard*, col 766) the Minister of State, Northern Ireland Office, Mr Roland Moyle, reminded the House that the arrangements for government in Northern Ireland under direct rule involved eight major departments, staffed by rather more than 33,000 members of the Northern Ireland Civil Service, which was a separate service under the Crown, answerable, through ministers of the Northern Ireland Office, to the Secretary of State for Northern Ireland. These departments provided a wide range of services, having responsibilities in connection with, among other things, Northern Ireland's departmental expenditure, economic and social planning and research; with its social security scheme and its personal and public health and social services; with its educational services; its industry (including its agriculture, forestry and fishing industries) and commerce; its employment services; its housing and other environmental services; local government in Northern Ireland; and European Community co-ordination.

The main Estimates provision of £827 million (approved by the House of Commons in July 1975) and the Supplementary Estimates provision of £147 million (approved in December), together with the additional £54 million being sought under the present Order (of which about 60 per cent would go towards pay and price increases, the remainder being required for purposes of housing and, to a lesser extent, for water supplies and roads) would give the departments a combined budget of £1,028 million for 1975-76 compared with a total Estimates provision of £725 in 1974-75. The Supplementary Estimates for 1975-76 and the sums required on account of 1976-77 would provide the means by which the Northern Ireland departments, under the direction of the Secretary of State, would be able to exercise a positive role in the solution of Northern Ireland's economic and social problems, which had been exacerbated by the security situation over the last few years.

Recent Legislation

The following is an alphabetical list of Public Acts passed during the first quarter of 1976. The only Act sponsored by a Private Member is indicated by an asterisk. The dates given for the second reading refer to House of Commons *Hansard* (House of Lords where stated).

Consolidated Fund Act 1976. Applies certain sums out of the Consolidated Fund to the service of the years ending on 31 March 1975 and 1976. Second reading: 18.3.76, cols 1681-771. Royal Assent: 25.3.76. Ch 2, ISBN 0 10 540276 1, 8p.

Education (*School-Leaving Dates*) *Act 1976.* Sets a new school-leaving date for pupils who reach the age of 16 between 1 February and 31 August and wish to leave before the end of the summer term. Second reading: 25.2.76, cols 553-94, and 26.2.76, col 755. Royal Assent: 25.3.76. Ch 5, ISBN 0 10 540576 0, 12p.

National Coal Board (*Finance*) *Act 1976* (see pp 27-8). Second reading: 27.11.75, cols 1058-138. Royal Assent: 4.3.76. Ch 1, ISBN 0 10 540176 5, 12p.

Post Office (*Banking Services*) *Act 1976* (see p 495, 1975). The Act extends the powers of the Post Office to provide banking services; makes capital available for their provision; and reduces the capital debt of the Post Office. Second reading: 20.1.76, cols 1163-268. Royal Assent: 25.3.76. Ch 10, ISBN 0 10 541076 4, 20p.

Prevention of Terrorism (*Temporary Provisions*) *Act 1976* (see pp 471-2, 1975). Second reading: 26.11.75, cols 875-1003. Royal Assent: 25.3.76. Ch 8, ISBN 0 10 540876, X, 30p.

Road Traffic (*Drivers' Ages and Hours of Work*) *Act 1976.* Amends the minimum ages for driving public service vehicles and goods vehicles, and amends legislation to take account of European Community regulations on drivers' hours. The

minimum ages for newly qualified drivers are: 16 for driving invalid carriages and mopeds; 17 for cars, motor cycles and goods vehicles under 3·5 tonnes maximum weight; 18 for goods vehicles between 3·5 and 7·5 tonnes; and 21 for goods vehicles over 7·5 tonnes and for passenger vehicles with more than nine seats. European Community rules, limiting driving to 8 hours a day, apply in Britain to drivers of goods vehicles of over 3·5 tonnes gross weight on international journeys and are to be extended, subject to a Community review of the rules, to cover all journeys by these vehicles from 1 July 1976. Second reading: 16.2.76, cols 959-88. Royal Assent: 25.3.76. Ch 3, ISBN 0 10 540376 8, 28p.

**Solicitors (Scotland) Act 1976.* Broadly enables the Law Society of Scotland to exercise closer discipline over solicitors in Scotland. Second reading: 29.1.76 (HL), cols 1111-118. Royal Assent: 25.3.76. Ch 6, ISBN 0 10 540676 7, 28p.

Trade Union and Labour Relations (Amendment) Act 1976 (see pp 27-9 and 495, 1975, and pp 76-7). A schedule to the Act provides for a charter containing practical guidance on matters relating to freedom of the Press, to be drawn up by interested parties in the newspaper publishing industry (see p 495, 1975). The charter must deal, *inter alia*, with the application of union membership agreements to journalists, and how this may be reconciled with the right of editors to discharge their editorial duties; and with the question of access for contributors. The charter, which must be approved by both Houses of Parliament, must also provide for the setting up in the industry of a body to supervise its workings. If the industry fails to agree upon such a charter within 12 months, the Secretary of State for Employment is given the duty of producing one in consultation with the Press Council and other interested parties. He must include only guidance on specific points and any matters relating to the freedom of the Press on which the parties are agreed; he also has a continuing duty to produce a charter on these terms if Parliament does not approve the charter in the form first laid before it. A failure to observe the charter would not of itself render anyone liable to legal proceedings, but the charter would be admissible in evidence in any proceedings where it could be relevant. Second reading: 9.12.75, cols 241-370. Royal Assent: 25.3.76. Ch 7, ISBN 0 10 540776 3, 20p.

Trustee Savings Banks Act 1976. Establishes a Trustee Savings Bank Central Board and confers wider powers on trustee savings banks. Second reading: 17.2.76, cols 1205-48. Royal Assent: 25.3.76. Ch 4, ISBN 0 10 540476 4, 60p.

Water Charges Act 1976. Provides for the refund of certain charges made by water authorities in England and Wales in respect of the financial years 1974-75 and 1975-76, and sets out the scope and powers of such authorities to make charges. Second reading: 12.2.76, cols 656-704. Royal Assent: 25.3.76. Ch 9, ISBN 0 10 540976 6, 20p.

EXTERNAL AFFAIRS AND DEFENCE

Defence Policy

Britain's defence expenditure for 1976-77 is estimated at £5,632 million – approximately 5·5 per cent of the estimated gross national product – in the *Statement on the Defence Estimates 1976* (Cmnd 6432, HMSO, £1·50) published on 17 March. Referring to the 1974-75 Defence Review (see pp 131-6, 1975), the statement reports good progress in implementing Britain's policy of concentrating its defence resources on the North Atlantic Treaty Organisation (NATO) – 'the cornerstone of our security' – and reducing its commitments outside the alliance as far as possible. It also announces additional measures required to reduce expenditure to the levels announced in the White Paper *Public Expenditure to 1979-80* (see p 110). These, however, being concentrated on the support areas of the defence programme not directly associated with front-line units, will not affect Britain's commitments to NATO, its role in the alliance or its front-line capability.

East-West Relations: the Progress Towards Détente

Setting defence policy in context, the statement declares that the British Government is committed to the search for real and lasting peace in Europe and to this end supports NATO as 'an instrument of *détente* no less than of defence'. It then reviews the progress during 1975 of the various negotiations aimed at the creation of genuine and lasting *détente* – the Conference on Security and Co-operation in Europe (CSCE), the Mutual and Balanced Force Reductions (MBFR) and the Strategic Arms Limitation Talks.

Referring to the major part played by Britain in the CSCE negotiations, the statement affirms that the successful conclusion of the Helsinki Conference in August 1975 (see pp 305-12, 1975) marks 'an important stage in the continuous process of a search for *détente* through better political and military relationships in Europe'. While competition between the political and social ideas held in different parts of Europe remains, the British Government believes that, if all Governments make a real and sustained effort to observe the standards of behaviour drawn up at Helsinki, then the prospects of achieving increased co-operation and confidence between East and West, based on tolerance and mutual understanding, will have been valuably and visibly enhanced. The report also notes that NATO countries have more than complied with the military measures agreed at the conference, which are designed to promote stability and security by reducing the risks of misunderstanding and miscalculation. Up to the end of February 1976 NATO countries had given prior notification of three major and five smaller manoeuvres and had invited all CSCE participants to send observers to one of them (the Warsaw Pact states refused this invitation). Of the Warsaw Pact countries, the Soviet Union had given prior notice of one exercise and limited its invitations to Greece, Turkey, Romania, Bulgaria and Yugoslavia.

In the MBFR negotiations in Vienna (see p 10), the members of NATO and the Warsaw Pact are seeking undiminished security at a lower level of forces in Central Europe. The British Government maintains that this objective will not, however, be achieved without a more even balance between the two sides than at present exists in Central Europe, where the Warsaw Pact's conventional ground forces greatly outnumber those of the West in manpower and in major equipments. At the outset of the negotiations, therefore, the Allies proposed that the ground force manpower on each side in the area should be reduced to a common ceiling; the Warsaw Pact, however, has consistently resisted any approach which would correct the imbalance of conventional forces. Nevertheless, Britain and her allies continue to believe that their new proposals tabled last December, including an offer to withdraw a package of American nuclear weapons from the reductions area, still provide a reasonable basis for agreement.

Commenting that strategic stability is essential for the continuance of *détente* in East-West relations, the statement declares that the British Government looks forward 'with keen interest' to a successful conclusion of the current US/USSR strategic arms limitation talks. Following agreement on the second stage of strategic arms limitation in November 1974 (see p 471, 1974), the present negotiations concern the detailed provisions of a new comprehensive agreement on strategic offensive weapons.

Warsaw Pact Capabilities

Although the year 1975 has produced some constructive moves in *détente*, the statement shows that it has also seen an increase in the numbers and quality of the military capability of the Warsaw Pact and that in every case, apart from combat aircraft,

the military balance has tilted further in favour of the East.

The Soviet Union is deploying new types of intercontinental ballistic missiles and building more nuclear submarines equipped with submarine-launched ballistic missiles. Eleven *Delta* class nuclear-powered ballistic missile submarines are now operational and able to threaten all Europe and most of North America from Soviet home waters. A new medium-range ballistic missile, capable of hitting all major cities in Western Europe, is expected to be deployed soon.

Warsaw Pact conventional forces have also undergone steady improvement. At sea, in the important Eastern Atlantic area, the Soviet Navy has an advantage over NATO of 2 to 1 in surface ships, 1·7 to 1 in submarines and 1·5 to 1 in combat aircraft. Moreover, the quality of the Soviet maritime capability has also improved; Soviet warships are often more modern than their NATO equivalents and are generally more heavily armed. The major Soviet naval threat, however, is posed by its submarine force of over 330 operational submarines; some 130 of these are nuclear powered – and the statement points out that the Soviet Union is completing nuclear-powered submarines at nearly twice NATO's rate. The Soviet Union's first aircraft carrier is now undergoing sea trials and two sister ships are under construction, all capable of carrying vertical and short take-off and landing aircraft and adding 'a new resource to Soviet maritime capability'. Meanwhile, the Soviet Union has continued to acquire the use of facilities in foreign countries to sustain a world-wide maritime role in support of its foreign policy. The recent introduction into the Soviet Naval Air Force of the *Backfire* supersonic bomber enables the Soviet Union to threaten NATO shipping on the transatlantic sea routes, complementing the very long range *Bear D* maritime reconnaissance aircraft.

The capability of the ground forces of the Warsaw Pact, particularly in Central Europe, continues to increase both in numbers and quality, new Soviet equipment being generally equivalent to, and often superior to, that of NATO. Recent additions include more sophisticated armoured infantry combat vehicles; self-propelled and towed artillery; surface-to-air missile systems; chemical defence, electronic warfare, engineer and signal equipment; and larger logistic vehicles. A new tank and a new surface-to-air missile system are expected to be deployed with field formations in the near future and a heavily armed assault helicopter force is being developed.

Soviet tactical air forces are being progressively modernised with variable geometry aircraft having a greater radius of action and payload. The *MiG 23 Flogger* is being increasingly deployed in Eastern Europe in both ground attack and air defence variants. The new *Fencer* supersonic multi-role aircraft has recently entered service with the Soviet Tactical Air Armies, while the supersonic *Backfire* bomber has been introduced to the Long Range Air Force. Increasing numbers of fixed wing *MiG 25 Foxbats* are being deployed in the interceptor and reconnaissance roles. Soviet surface-to-air missile systems have also been improved, by modifying older types and by introducing new, mobile, all-weather systems.

Nevertheless, despite the emphasis placed by the Warsaw Pact on building up its military forces, there is no evidence that the Soviet Union and its allies are contemplating a military attack upon the West. 'Such an attack would not, in present circumstances, succeed, nor is it likely that the Soviet Union would contemplate a direct military attack in the future so long as Western countries maintain their military vigilance and their political and economic stability.' Though the Russians might be tempted to apply other forms of pressure designed to influence the political and economic policies of the Western European nations to wean them away from their alliance with the United States and to make them more susceptible to Soviet influence, 'such a policy could only hope to succeed if the West were so gravely weakened militarily, economically and socially as to have lost its will to resist'.

The NATO Response

In view of the military threat from the Warsaw Pact, NATO has evolved the strategy of flexibility in response – a defensive strategy, designed to deter aggression against any member of the alliance, and to defend NATO territory should aggression occur. If deterrence fails, NATO will meet aggression with a defence tailored to the situation, selecting a suitable level of response from a wide range of options. To make an effective response to a Warsaw Pact attack, NATO must be able to deploy conventional, theatre nuclear and strategic nuclear forces. 'This strategy and these forces not only deter aggression against Western Europe; they also protect members of the alliance from attempts at coercion by the threat of attack, and from other forms of direct and indirect political pressure deriving from military power', the statement declares. 'In this way the alliance preserves for all of its members the right to pursue their own destiny.'

Throughout the year Britain participated fully in NATO's considerations of the alliance's role, including the NATO summit meeting in May 1975 (see pp 231-3, 1975) when allied leaders reaffirmed their determination to maintain the cohesion of the alliance and to achieve its prime purpose of ensuring the independence and security of its members through lasting peace, and at the ministerial session of the Defence Planning Committee in May (see p 233, 1975), when ministers laid down guidelines for all NATO defence planning activities up to 1982 and beyond. In these and other meetings, particularly the Eurogroup, Britain attached great importance to improving defence co-operation among NATO's European members, especially in equipment procurement, to make the best use of available resources and to increase military efficiency through greater standardisation. Britain also supported proposals in defence procurement, especially on a 'two-way-street' basis (see pp 232-3, 1975, and pp 11-12, 1976).

NATO: the British Contribution

Almost the whole of Britain's defence effort is devoted to supporting NATO's strategy. This includes the major element – some 70 per cent of NATO's immediately available maritime forces – in the defence of the Eastern Atlantic and Channel areas and in maintaining the security of the sea-

borne supply and reinforcement routes from North America to Europe; on the mainland of Europe, holding a crucial sector of the Central Front of the North German Plain, Britain maintains land forces totalling 55,000 men and tactical aircraft for the Second Allied Tactical Air Force; while the armed forces in Britain itself reinforce the European mainland and ensure the security of the home base. In addition, Britain is the only European NATO ally to contribute to the alliance's strategic nuclear deterrent capability, by means of the *Polaris* force.

In line with this, Britain's maritime forces are now concentrated in the Eastern Atlantic and the Channel where the threat to the maritime security of the alliance is greatest. Some 70 per cent of the regular and reserve Army is assigned to the Allied Command Europe, the greater part of the remainder being committed to Britain's home defence. Virtually all the RAF's combat and combat support aircraft are now allocated to NATO. (One exception to this is part of the *Canberra* and *Nimrod* force based in Malta which remains, for the time being, declared to the Central Treaty Organisation.)

The statement lists the major force improvements in support of Britain's NATO commitments made in the past year or planned to enter service in the coming year. It stresses that the Government continues to accord these commitments the highest priority and intends to provide the levels of forces which the Defence Review showed were necessary to fulfil them properly. The front-line units allocated to these commitments and their direct support will continue to have first call on available resources and will not be affected by the further reductions in defence spending described below.

Non-NATO Commitments

The Government remains committed to the policy, initiated as a result of the Defence Review, of withdrawing from its non-NATO commitments whenever this is consistent with its fundamental military and political obligations, in order to concentrate on its NATO tasks. Accordingly, Britain's garrison in Hong Kong will be reduced in 1976 and consultations are continuing with the Sultan of Brunei about the timing of the withdrawal of the Gurkha battalion, while a formal review of the 1959 Agreement with Brunei (as amended in 1971) has begun. The withdrawals from Gan, Mauritius and Singapore have been completed. The Simonstown Agreements with South Africa have been ended by an exchange of letters (see p 266, 1975). The Senior Naval Officer in the West Indies will be withdrawn from Bermuda by the end of March and ships of the Royal Navy will no longer be permanently stationed there. In Oman, progress in ending the rebellion in Dhofar has enabled military assistance to be reduced; further reductions will follow at the end of 1976 and the scope for reductions in the remaining level of military assistance to the Sultan will be kept under review. Substantial reductions have been made to the British forces in Cyprus.

At the same time, Britain continues to be responsible for the defence and internal security of its remaining dependencies.

Northern Ireland

During the past year, the armed forces were highly successful in their operations in support of the Royal Ulster Constabulary (RUC). The Government's aim is to reduce lawlessness and to deal increasingly with criminal activities by traditional police methods, thus diminishing the need for support from the armed forces. The RUC, with the Services' support, has made significant progress in bringing criminals to justice and in preventing further outrages. During 1975, the police arrested and charged 1,197 people with terrorist-type offences, of whom 226 were charged with murder or attempted murder. The security forces found 825 firearms, 73,604 rounds of ammunition and about 10 tons of explosives (including neutralised devices).

All three Services have been involved in maintaining security in the Province. In 1975, the force level of 13 major units in the infantry role was maintained though reinforcements were sent on several occasions to deal with particular situations.

The statement charts the fluctuating level of violence in the Province. In response to the deterioration in the security situation earlier this year, special measures were introduced in County Armagh and additional security forces, including elements of the Special Air Service Regiment, were sent to the Province.

Expenditure

The defence budget estimates for 1976-77 total £5,632 million. [This figure is the equivalent in real terms at 1975 Survey prices of the Public Expenditure Review's £4,566 million target.] Of the total estimate of £5,632 million, £1,990 million represents expenditure on equipment (36 per cent), £1,292 million expenditure on forces' pay and allowances (23 per cent), £1,076 million expenditure on buildings and miscellaneous stores and services (19 per cent), £975 million expenditure on civilian pay (17 per cent), and £299 million on forces' pensions (5 per cent). A functional analysis of expenditure is contained in the table (see p 149).

In line with the Government's economic strategy, as outlined in the recent public expenditure review *Public Expenditure to 1979-80* (see pp 110-3), further substantial economies have had to be made in the defence programme beyond those contained in the 1974-75 Defence Review. These additional savings, which at 1975 Survey prices will amount to £177 million in 1977-78, £193 million in 1978-79 and £164 million in 1979-80, compared with the figures in the 1975 *Statement on the Defence Estimates* (see p 131, 1975), will come mainly from reductions in those areas of the support structure not directly and immediately associated with front-line units. As a result, the framework of the future defence programme remains unchanged; the front-line contribution to NATO has not been cut; the major re-equipment programmes will continue; and the level of direct support for Britain's front-line capability has not been reduced.

Manpower and Reserves

The statement notes that the upturn in recruiting during 1974-75 has continued: recruitment of servicemen is expected to total 39,000 in 1975-76 compared with 34,962 last year. Britain's armed forces totalled 338,500 on 1 January 1976, of which

Functional Analysis of Expenditure and Manpower 1976-77

	Expenditure £ million	Military Personnel*	Civilian Personnel†
Nuclear Strategic Force	78	2,800	4,100
Navy General Purpose Combat Forces	726	32,700	9,900
European Theatre Ground Forces	985	103,100	30,100
Other Army Combat Forces	64	14,200	7,400
Air Force General Purpose Forces	906	56,600	12,700
Reserve and Auxiliary Formations	91	2,600	3,600
Research and Development‡	699	1,400	36,700
Training	484	72,600	21,600
Production, Repair and Associated Facilities in the United Kingdom	409	9,500	97,500
War and Contingency Stocks	116	—	—
Other Support Functions	1,067	44,900	65,800
Miscellaneous Expenditure and Receipts	7	—	—
Total	5,632	340,400	289,400

* These are average strengths and include locally enlisted personnel.
† Civilian personnel comprise 138,100 non-industrial staff and 151,300 industrial staff.
‡ Excludes £3 million of Meteorological Research and Development.

75,900 were in the Royal Navy and Royal Marines, 170,900 in the Army and 91,700 in the RAF. The forecast total for 1 April 1976 is 333,600. Service manpower reductions announced in 1975 (see pp 132-3, 1975) are being implemented.

The total number of civilian personnel employed by the Ministry of Defence in 1976-77 is expected to be about 289,400 – a figure which reflects the first reductions in civilian support initiated as a result of the 1974-75 Defence Review. As a result of the 1976 Expenditure Review, additional reductions of about 10,000 will be made in Ministry of Defence civilians. A functional analysis of personnel is contained in the table above.

The statement shows that reserve forces, which are an integral part of the armed forces, totalled 237,300 on 1 January 1976. Of these 168,600 were regular reserves, having reserve liability after a period of regular service, and 68,700 were volunteer reserves and auxiliary forces. The volunteer reserves include members of the Ulster Defence Regiment which remains a vital part of the Security Forces in Northern Ireland; the regiment has continued to increase in strength and has recently had an encouraging number of successes in operations in the Province. Cadet forces, which make a significant contribution to recruitment to the regular forces, totalled 130,000 on 1 January 1976.

Combat Forces and Equipment

Further sections give details of the equipment of Britain's combat forces, functioning divisionally as the Nuclear Strategic Force, the Royal Navy General Purpose Forces, European Theatre Ground Forces, other Army Combat Forces and the RAF General Purpose Forces. Expenditure on these forces in 1976-77, together with their military and civilian personnel strengths, is shown in the table above.

Expenditure on equipment is expected to total £1,990 million in 1976-77. Including associated personnel and other costs, total procurement expenditure for the period is estimated at £2,243 million. Of this £1,541 million (69 per cent) will be spent on production (27 per cent on ships, ship equipment and weapons; 39 per cent on aircraft, aircraft engines, equipment and weapons; 25 per cent on Army equipment and vehicles, and the rest on general support) and £702 million (31 per cent) on research and development.

The ninth nuclear submarine, HMS *Superb* will enter service with the Royal Navy this year. This is the third of the *Swiftsure* class of submarine; two more are under construction and another is planned to be ordered during the year. In addition, the first of an improved class of nuclear-powered submarine is planned to be ordered during 1976. The order of a second anti-submarine cruiser is also planned for this year: work on the first, HMS *Invincible*, continues. HMS *Sheffield*, the first of the new *Type 42* guided missile destroyers, has now entered service and a second will be accepted this year. Four more ships of this class are under construction, the order for the seventh was placed in January and orders for a further two are planned for the coming year. HMS *Antelope* and HMS *Ambuscade*, the second and third *Type 21* frigates to be built, have now entered service, and of the five frigates of this type at present under construction, two will be accepted this year. The first of the new *Type 22* class of frigates is under construction, a second has been ordered and the ordering of a third is planned for this year. The first vessel of the new class of glass-reinforced plastics mine countermeasures vessels (designed for both minesweeping and minehunting), HMS *Brecon*, is under construction and a second will be ordered during the year. Full development has begun of a maritime version of the *Harrier* V/STOL aircraft, which is expected to come into service in the late 1970s. Naval helicopters in production are the *Sea King*, an improved version of which enters service this year, and the *Lynx*, to be equipped in the early 1980s with the helicopter-borne anti-ship missile *Sea Skua*. The equipment of Royal Navy vessels with new weapon systems continues along the lines described in the 1975 Statement on the Defence Estimates (see p 135, 1975). The *Sea Wolf*

short-range guided missle system – to be deployed in *Type 22* and other frigates – will undergo extensive sea trials this year. Negotiations with the United States are taking place for the possible procurement of the submarine-launched anti-ship missile *Sub-Harpoon*, expected to be in service in the early 1980s. Development work is continuing on an advanced lightweight torpedo to be launched from helicopters, fixed-wing aircraft and surface ships and it is expected to be in service by the early 1980s.

Major improvements and developments in the Army's equipment include the continued introduction of the new tracked reconnaissance vehicle family, in particular the *Striker* tracked vehicle carrying the *Swingfire* anti-tank missile (see p 135, 1975). Further improvements have been made to the *Chieftain* tank, including the tank laser sight, substantial quantities of which will enter service this year. Two 155 mm artillery systems, the towed *FH70* howitzer and the self-propelled *SP70* gun, including new and superior ammunition, are being developed in conjunction with the Federal Republic of Germany and Italy; it is hoped to begin next year main series production of the *FH70*. A lightweight laser range-finder for artillery observation posts, with an associated night viewing device, is being introduced into service. The *Lance* guided missile system will enter service this year and the *Rapier* low-level surface-to-air missile system is currently being deployed. *Blowpipe* – a man-portable very low-level air defence missile – is being further deployed. Talks have been opened with France and the Federal Republic of Germany for the procurement of the man-portable anti-tank missile system *Milan*.

Turning to the RAF, the statement describes the progress of the *Multi Role Combat Aircraft* being jointly developed by Britain, the Federal Republic of Germany and Italy. The RAF has a planned requirement for a total of 385 of these aircraft in two versions – the common strike/attack and reconnaissance version, and an air defence version which is a British national requirement. The second phase of the international development programme for the strike/attack version is nearing completion, and a joint decision on the scale and sharing of full production is due to be made in 1976. Project definition of the air defence variant, incorporating an advanced air intercept radar and its associated air-to-air missiles, has been completed and a development programme authorised.

The statement reports that five strike/attack squadrons of *Jaguar* aircraft have now been formed, with a sixth forming early in 1977; additionally, by the end of this year, two tactical reconnaissance squadrons will have been formed. RAF *Jaguars* are being fitted with laser ranging and marked target seeking equipment. The *Harrier* aircraft is also to be fitted with this equipment; the programme of post-design modifications to the *Pegasus* engine is continuing and deliveries of further aircraft will take place during the year. A three-year programme to refit *Nimrod* aircraft with new and improved radio and telecommunications equipment is being undertaken. The development of new equipment to improve its operational capability by fitting better search radar, sonics and tactical systems and new sonobuoys is proceeding satisfactorily and installation will be complete by the early 1980s. A new medium-range air-to-air missile, *XJ521*, is in full development for the RAF. Anti-radar and television-guided versions of the Anglo-French air-to-surface weapon *Martel* are now in service in both the Royal Navy and the RAF. Initial development work has begun on a number of air-to-surface weapons designed to increase the effectiveness of strike/attack aircraft in the 1980s and 1990s.

Operations and Exercises

The statement gives details of the various operations and exercises undertaken by British forces during the past year. It emphasises that all three Services have given priority to NATO exercises throughout 1975, and that British operational commitments in Northern Ireland and Cyprus and the run-down of the air transport force have had only a minor effect on this priority.

The protection of the oil and gas installations in the North Sea has been undertaken on a day-to-day basis by HMS *Jura* and HMS *Reward* which – supported by other Royal Navy ships routed through the area and by regular patrols of RAF aircraft – have provided a deterrent presence. They will eventually be relieved by five new ships of the *Island* class being built for a variety of offshore purposes and four RAF *Nimrod* aircraft will be made available for surveillance. During 1975, the Government has taken part in talks at The Hague with other countries also with interests in the North Sea to examine ways of international co-operation in safeguarding offshore installations against peacetime hazards. These meetings will continue in 1976.

Royal Navy ships and RAF aircraft have continued to provide protection for British trawlers fishing legally and peacefully on the high seas off Iceland. The deployment of Royal Navy ships in the Mozambique Channel, assisting in the oil embargo on Rhodesia (the 'Beira Patrol') ended on 25 June, when Mozambique became independent. Reinforcements were sent to Belize in November in response to threatening statements and increased military activity in the border area by Guatemala.

Military Aid to the Civil Community

The statement gives details of aid by the armed forces to the civil community both in Britain and overseas. At home, Army bomb disposal teams assisted local police forces in dealing with bomb incidents during 1975; the Army has kept a company at short notice to support police in the event of a terrorist incident or threat at Heathrow Airport, where a number of joint operations took place during the year. Early in 1975, Army units, with help from Royal Navy and RAF personnel, helped maintain an essential service when collections of rubbish were suspended in Glasgow as a result of an industrial dispute. The Army carried out some 50 Military Aid to the Civil Community projects, of varying size and complexity, during the year.

Numerous search and rescue missions (SAR) and medical evacuation flights were again carried out by Royal Navy and RAF helicopters. Royal Navy helicopters were involved in 274 SAR incidents in 1975, while RAF helicopters responded to 924 incidents. In April, the Royal Navy made *Sea King*

helicopters available for long-range all-weather SAR missions from the RN Air Station Culdrose and from Prestwick, while short-range day-time capability was also improved by the substitution of *Wessex 1* helicopters for the smaller *Whirlwinds* at Culdrose. The Royal Navy also continued to assist in keeping the Dover Strait traffic separation scheme under surveillance, and *Vulcan* maritime radar reconnaissance aircraft of Strike Command assisted in a civil programme for determining shipping density patterns to lessen the risk of collision between international shipping and North Sea oil rigs.

In the spring of 1975, RAF *Hercules* aircraft, assisted by ships of the Royal Navy, assisted in the evacuation of British subjects and refugees from Cambodia and South Vietnam; HMS *Chichester* later escorted a Danish tanker carrying refugees from South Vietnam and provided medical help. The Royal Navy again gave help in clearing the Suez Canal (re-opened in June 1975) of mines and other obstacles and for this assistance earned the specific thanks of the Egyptian Government. Royal Engineers undertook bridge building tasks in Honduras and south Sudan, explosive ordnance disposal in the Falkland Islands and the Solomon Islands and well-drilling in Botswana. The Army also provided a 50-bed field hospital in Somalia as part of the Ministry of Overseas Development's medical aid programme. RAF reconnaissance aircraft carried out aerial surveys in Brunei, Kenya, Malaysia, Oman and the Sudan. During September and October 1975, RAF *VC10* aircraft made 42 flights to assist in the evacuation of 5,658 refugees from Angola to Portugal, while aero-medical evacuation flights were made from Bathurst, Cairo, and the Yemen Arab Republic. The RAF helicopter flight in Hong Kong flew a total of 79 mercy missions in 1975.

Hydrographic surveys have been made in the West Indies, and the Indian and Pacific Oceans. Foreign and Commonwealth personnel continue to receive training at the RN Hydrographic School and practical experience in RN surveying vessels whenever possible.

DEBATE IN THE HOUSE OF COMMONS

In the debate on the statement in the House of Commons (*Hansard*, 31.3.76, cols 1324-440, and 1.4.76, cols 1591-722) Conservative members criticised the proposed cuts in defence expenditure as being excessive. In its amendment to the Government motion (see below), the Opposition proposed that the House 'being aware of the continued growth of Soviet military strength and of the increasingly unfavourable military balance between NATO and the Warsaw Pact', should condemn 'the Government's proposals to reduce the United Kingdom's defences for the third time in a year'. On the other hand, some left-wing Labour members regarded the cuts as insufficient.

The Secretary of State for Defence, Mr Roy Mason, said that the Government was making good progress in its policy of withdrawing forces to the maximum extent possible from its non-NATO commitments. These reductions had enabled Britain to concentrate almost the whole of its defence effort on NATO, and, further, to concentrate upon those commitments within the alliance which the country could meet most cost-effectively.

Mr Mason recalled that in the 1975 defence review (see pp 131-3, 1975) the Government had undertaken a major and fundamental reassessment of Britain's commitments and of the capabilities needed to meet them. In the time available it could make only a broad attribution of savings to the supporting services and the civilian establishments in Britain but he had always visualised that when time permitted he would probe those areas more deeply. Therefore when, for economic reasons, he had had to make a further contribution from defence towards improving the country's economic prospects, he had turned his attention to those areas in order to find a limited financial saving without affecting the country's front-line capability.

At the end of the debate, the Government motion that 'this House, recognising the need to provide adequately for the nation's security, welcomes the Statement on the Defence Estimates 1976 (Command Paper No 6432); and, being aware of the economic factors which have led to cuts in all sectors of public spending, notes with approval that the defence cuts envisaged will fall on support services rather than on front-line forces, thereby maintaining the British contribution to NATO, the security and territorial integrity of the United Kingdom and peace in Northern Ireland' was approved by 305 votes to 257, a Government majority of 48.

European Community

The future development of the Community has been a recent focus of attention, with Community heads of Government and, in Britain, the House of Commons, examining the questions associated with direct elections to the European Assembly. The report on European Union, drawn up by the Belgian Prime Minister, M. Tindemans, was also discussed by heads of Government at the regular meeting of the European Council held in Luxembourg on 1-2 April, of which an account is given below.

Agriculture ministers in early March fixed support prices for 1976-77 under the Common Agricultural Policy (CAP) (see pp 171); and energy ministers attempted to make progress with the development of the Community's energy policy (see p 173).

EUROPEAN COUNCIL

The economic situation in the Community, direct elections to the European Assembly, the Tindemans Report on European Union, and the situation in Rhodesia were among subjects discussed by Community heads of Government on 1-2 April at one of their regular meetings as the European Council.

The meeting, which was held in Luxembourg, was the last to be attended by the then British Prime Minister, Mr Wilson, before his retirement from office. The new Prime Minister, Mr Callaghan, attended the European Council in his then capacity as Foreign and Commonwealth Secretary.

Economic Situation

In a statement to the House of Commons on the work of the European Council (*Hansard*, 5.4.76, written answers, cols 33-4), Mr Wilson indicated that heads of Government had 'agreed on the need for each member state to maintain proper discipline over budgetary expenditure, incomes policy and money supply in order to continue successfully the fight against inflation and to reduce unemployment'.

Following an appeal by Mr Wilson that dealing with structural unemployment should be made a high Community priority, heads of Government instructed the Commission to carry out a detailed study of the problem and of measures that might be taken on a Community basis to alleviate it.

Mr Wilson called for urgent and co-ordinated action on this issue, and suggested that both employers and trade unionists in the Community should be consulted on practical plans to reduce the currently high levels of unemployment which afflict most members of the Community. His appeal followed a similar call by Mr Callaghan in a House of Commons debate on 29 March (see below) for Community action to deal with unemployment.

Heads of Government will review, at the next meeting of the European Council, progress made in the Commission's study, which, among other things, is likely to cover such areas as adequate training and retraining provision, and financial assistance for reconstructing industry.

Direct Elections to the European Assembly

During an examination of various issues raised by the decision to hold direct elections to the European Assembly, heads of Government reaffirmed that they would work towards holding the first such elections in May or June 1978. Britain has made clear that it intends to try to meet this date provided internal consultations and the necessary legislative arrangements can be completed in time (see below).

No final decisions, however, were reached on the size and composition of the Assembly. A suggestion made by the French President, M. Giscard d'Estaing, that the total number of representatives in a directly elected Assembly should remain at the present figure – 198 – is to be considered by Community foreign ministers. In the Green Paper *Direct Elections to the European Assembly* (see pp 100-103), the British Government has expressed the view that a directly-elected Assembly should contain approximately the number of representatives suggested by the European Assembly itself – that is, 355.

Other Issues

After a preliminary examination of the report on European Union drawn up by the Belgian Prime Minister, M. Leo Tindemans (see pp 59-61), the European Council expressed the view that it was a valuable and useful document, particularly in its advocacy of an outward-looking Community. Community foreign ministers are now to make a thorough study of its detailed proposals with a view to reaching final decisions by the end of the year.

In a declaration on the situation in Rhodesia, heads of Government supported Britain's approach to the problem (see p 153); and in a further statement they welcomed the entry into force on 1 April of the Convention of Lomé (see pp 51-3, 1975), following the completion of ratification procedures by the last of the 46 developing countries which are signatories to it.

A third statement was issued honouring on his retirement M. Jean Monnet, one of the most active advocates during the 1950s of closer European integration. The heads of Government drew attention to 'his outstanding contribution to the creation of the European Community'.

DEBATE ON DIRECT ELECTIONS

It would be preferable for Britain to take part in direct elections to the European Assembly at the same time as other Community members, Mr James Callaghan, then Secretary of State for Foreign and Commonwealth Affairs, told the House of Commons on 29 March.

Speaking in a debate on the Government's Green Paper *Direct Elections to the European Assembly* (*Hansard*, 29.3.76, cols 900-18) (see pp 100-103), Mr Callaghan said that the existing system whereby members of the British Parliament are appointed as representatives in the Assembly was 'a heavy burden on the individual members of Parliament concerned and adds to our problems in conducting parliamentary business here at Westminster'.

Community heads of Government at their meeting on 1-2 April (see p 151) reaffirmed that the first elections to the European Assembly should be held in May or June 1978. It has, however, been accepted that if Britain is unable to meet that date, it may continue for a time to appoint its representatives to the Assembly as at present.

Mr Callaghan told MPs that this arrangement had been secured as a precaution, but it did create a difficulty. He pointed out that, if in an enlarged Assembly of 350-400 Britain had 70 members who were nominated from among British parliamentarians, this would cause a considerable problem. 'On the whole', Mr Callaghan observed, 'I think it would be as well if we were in a position to hold elections in this country when the other countries are in a position to do so, rather than prolong the existing system'.

He indicated that the Government was prepared to set up a Select Committee of MPs to cover issues raised by direct elections 'with the obvious exception of the treaty obligation to hold such elections'. He added: 'We have on a number of occasions told the other member states that we do not wish to hold them up on the introduction of direct elections. We shall therefore have to ask the committee to gear its work to the timetable on which the issues seem likely to come to a conclusion in the Community.'

During the course of the debate, which covered much of the same ground as the Green Paper, Mr Callaghan referred to the implications of having a directly-elected Assembly. He said that, because elected representatives could claim more legitimacy than those who were nominated, there had been some suggestions that they would press for greater powers for the Assembly. 'It would be a very foolish Government who committed themselves never to pass over powers, or to say that they will let them go through irrespective of their impact on the country in question.' The Government had no plans for

giving the Assembly further powers; but if a case were made, it would examine it and consult the British Parliament on the issue.

Turning to other Community institutions, Mr Callaghan said that although in the early days of the Community many people saw the Commission as the embryo of a future federal European government, it was in the Council of Ministers that important decisions were taken. 'I see no prospect of this changing in the foreseeable future, and nor should it. There are areas in which I, as a foreign minister, regard myself as being responsible to the national Parliament . . . that is the position and that is how I see it continuing.' He considered that meetings of the European Council – 'the most significant change in the Community's structure in the last few years' – had 'emphasised the extent to which national governments have the final say'. He added: 'Our aim must be to pursue greater unity in Europe without sacrificing nationhood.'

Mr Callaghan said that he wanted to see the Community concentrating on 'some of the real issues of importance'. He instanced the problem of unemployment in the Community and how the Community could help to overcome it. 'That is the way in which the Community can begin to take root as something about which people in this country will care and feel, as an institution to which they wish to belong.' A directly-elected European Assembly could focus the attention of other Community institutions on such issues.

Rhodesia

Recent major developments in the effort to find a peaceful solution to Rhodesia's problems have been the breakdown of constitutional negotiations in Salisbury and the subsequent statement by the British Government of proposals for a settlement. These and associated developments are dealt with below, together with details of action taken by the Commonwealth, the United Nations and Britain in support of Mozambique's decision to implement sanctions against Rhodesia.

DECISION TO BREAK OFF CONSTITUTIONAL TALKS

Negotiations between Mr Smith and Mr Nkomo of the divided African National Council (ANC), to try to find a constitutional solution in Rhodesia (see pp 107-9), were broken off on 19 March. The reasons for the decision to break off the talks were later detailed separately by each side.

A statement by the ANC under Mr Nkomo's leadership, which was reported on the same day, summarised the differences between the two sides as resting on the period of time to elapse before majority rule in Rhodesia, and the character of an interim government. The statement said that the Rhodesian Front (RF) had 'accepted the principle of majority rule, but in some indefinite future, too far ahead to be accepted by the ANC'. In response to the RF's proposal for a three-tier assembly, and 'in a spirit of compromise', the ANC would 'reluctantly be prepared to consider', in addition to national parliamentary seats, 'that there should be European and African seats'; but the RF had rejected the level of qualifications required by the ANC for the national voters' roll, 'on the ground that it would lead to majority rule at the first election'.

The ANC said both sides accepted that there should be an interim government on a national basis. The Council believed that the period should be 12 months, while 'the RF believes that it should be part of an evolutionary change to majority rule over an indefinite period, as explained above'. The RF had 'proposed immediate parity in Cabinet but not in parliament', a proposal regarded as 'impracticable and valueless' by the ANC, which considered that 'parliament could control the situation even against a majority in the Cabinet'. The ANC required 'effective parity in an interim government', which 'should take the form of an executive council, with legislative powers on which there would be parity'. Though considering that a parliament would not be necessary 'over the short period of 12 months envisaged by the ANC', the Council 'would be prepared to consider some form of legislature even in [this] short term . . . as long as there was equal representation'.

In a statement reported later that day, Mr Smith also gave two reasons for the decision to break off the talks. One, he said, was the ANC's demand that the Rhodesian Government should surrender its authority forthwith, to an interim council composed of equal numbers of Government and ANC ministers, with a chairman appointed by the British Government who would exercise a casting vote. The second was the ANC's insistence on a parliamentary structure, and franchise qualifications, which would ensure a substantial African parliamentary majority at the first election.

Mr Smith described 'these ANC demands' as 'unacceptable', and his own side's proposals as 'far-reaching . . . involving power-sharing and embodying considerable constitutional advances for the African people'. He believed that the British Government 'should now actively assist in resolving the constitutional issue in Rhodesia'. At a news conference of 20 March, at which he repeated his views on British Government participation in negotiations, Mr Smith stated that he did 'not believe in majority rule ever in Rhodesia, not in a thousand years'.

STATEMENT BY THE FOREIGN AND COMMONWEALTH SECRETARY

On 22 March the Foreign and Commonwealth Secretary, Mr Callaghan, made a statement to Parliament on the Rhodesian situation (*Hansard*, cols 29-45) in which he proposed a 'two-stage operation' to reach a constitutional settlement in Rhodesia. The proposals, set out after 'a great deal of thought . . . during recent months' by Mr Callaghan on 'the ways in which Britain could help to secure an orderly transfer of power', were put forward in the light of the Government's response to recent developments in the effort to find a peaceful settlement: notably, Lord Greenhill's mission to Salisbury in late February (see pp 108-9); subsequent proposals by Mr Smith for British Government action on the con-

stitutional issue; and, most recently, the news that the talks between Mr Smith and Mr Nkomo had been broken off.

Mr Callaghan began by describing this news as 'a matter of deep concern'. 'Yet another attempt to find a solution . . . by peaceful means' had been 'thrown away', he said, 'because of Mr Smith's refusal to accept the principle of majority rule at an early date'. He also attributed the failure of this effort, 'like its predecessor . . . launched . . . in December 1974' (see pp 55-7, 1975), to 'Mr Smith's prevarications'. The Rhodesian leader's purpose, Mr Callaghan said, had 'not been to negotiate a constitutional settlement but to buy time in order to remove the pressures on him'.

On Mr Nkomo's role in the negotiations, the Foreign and Commonwealth Secretary reminded the House that the Government had made clear its position when Mr Nkomo had decided to begin new discussions with Mr Smith: while having 'no wish to take sides in the internal differences of the African National Council', the Government had 'welcomed his initiative and wished it success'. In recent months Mr Nkomo and his colleagues had 'shown patience and determination'; and Mr Callaghan believed 'that . . . the demands put forward by Mr Nkomo [in the negotiations] were both reasonable and moderate'.

Turning to Lord Greenhill's report on his mission, Mr Callaghan said that the report 'did not give an indication that there was a sufficient change in Mr Smith's attitude to make it useful for Britain to assume a role in those talks then going on'. More recently, Mr Smith had 'sent word . . . that he would like the British Government to appoint a commission of wise men to put forward the terms of a settlement'. But 'in the absence of any commitment by him to majority rule, this seemed to me to be re-treading old ground', Mr Callaghan said; 'and I made clear to Mr Smith that I rejected the proposal'.

A fresh proposal had then been made by Mr Smith in mid-March, to Mr Eldon Griffiths, MP. This 'incorporated the original idea of the three wise men, but proposed that they should take part in a round table conference to be attended by representatives of the Rhodesian Front, other representatives of the European community, of Mr Nkomo's ANC and selected leaders of the external wing of the ANC'. Mr Griffiths had communicated this proposal, as soon as he returned to Britain, to the Minister of State (Mr Ennals), 'but by then the talks were on the point of breaking down'.

Proposals for Reaching a Settlement

In the second part of his statement, Mr Callaghan went on to set out terms to make possible a settlement in Rhodesia. In doing so he told the House that during recent months he had 'kept in touch with the African nationalist leaders, and also with the four Presidents [Presidents Kaunda, Nyerere, Seretse Khama and Machel], whose advice I greatly value'. Mr Callaghan said he understood 'that the four Presidents, despite their belief that the armed struggle may now be inevitable, still sincerely wish to see a peaceful settlement in Rhodesia. If their hopes and wishes and ours are to be fulfilled', he continued, 'there must be a two-stage operation'.

The first stage of this operation, Mr Callaghan stated, 'must be prior agreement by all the principal parties to a number of preconditions'. These he listed as follows:

1 'Acceptance of the principle of majority rule;
2 'Elections for majority rule to take place in 18 months to two years;
3 'Agreement that there will be no independence before majority rule;
4 'The negotiations must not be long drawn out.'

'There would also need to be assurances', he said, 'that the transition to majority rule and to an independent Rhodesia would not be thwarted and would be orderly.'

If these preconditions were accepted, 'it would then become possible for the second stage to begin: namely, the negotiation of the actual terms of a constitution for independence'.

In Mr Callaghan's view, 'given the acceptance of the principle of early majority rule', it was 'possible to reach a settlement which would go a very long way towards reconciling African aspirations and European fears. Britain would be prepared to play a constructive part in any negotiations in which these preconditions [had] been accepted, and would be willing to sit down with all shades of Rhodesian opinion, inside and out. We now have to appeal to a wider constituency,' he said, 'which includes forces outside Rhodesia . . . for example, the guerrilla forces.'

Mr Callaghan stressed that 'we should also need to ensure that the settlement provided a background in which both communities could live and work together in an independent Rhodesia. Many African leaders [had] reiterated their strong desire that those Europeans who are prepared to put their faith in Rhodesia should remain in that country and that their presence will help to ensure the country's development.' The 'Government would be willing to consider financial and other means to assist this end'. Moreover, 'an independent Rhodesia [would] need development assistance and aid for educational and other purposes on a significant scale. Britain would play her part', Mr Callaghan said; but he hoped 'that members of the Commonwealth, the European Community and others would also be willing to help'.

Mr Callaghan dealt next with the questions of ending guerrilla activity and economic sanctions. 'In a final settlement achieved along these lines', he said, 'all should be ready to agree that guerrilla activity should cease and that an approach should be made to the United Nations with a view to lifting the economic sanctions now in force.' He was 'ready to discuss this approach if it meets with any reaction with all concerned; but no agreement would be worth anything until the principle of majority rule opens the door to new negotiations.'

In conclusion, the Foreign and Commonwealth Secretary appealed to the European population of Rhodesia. 'As things are', he said, 'Mr Smith is leading his country on the path of death and destruction. Even at this late stage, I ask the European population of Rhodesia to believe that there is an alternative path. It is still just possible for Mr Smith to follow it. If not, I hope that other leaders will emerge who recognise the realities of the hour and

that the time is here when the legitimate aspirations of the African people can be met and reconciled with the desires of the European population. Only in this way can there be hope for a peaceful future for Rhodesia.'

In reply to questions on his statement, which was welcomed on both sides of the House, Mr Callaghan reiterated this appeal. He was 'not hopeful' . . . 'of persuading Mr Smith, whose contradictory statements, even in the past three or four days, give little room for belief that it is possible to negotiate with him'. At the same time, it was 'the duty of the House to say to the European population of Rhodesia – which is our responsibility and not Mr Smith's – as well as the African population, "Here is a way forward. We shall play our part if you will take the step that you Europeans believe to be risky".' In his view, 'if the Europeans in Rhodesia are wise enough to negotiate with leaders representing various factions in Rhodesia', a 'peaceful and orderly transition', as there had been in Kenya for example, 'could take place even in that country'.

The British Government was 'ready to play [its] part', Mr Callaghan said, 'in conjunction with the Commonwealth, to safeguard both races and their future'. On the question of safeguards for the white minority, he had concluded that he could not set out in the statement 'a complete list of issues'. The general intention, he repeated, was 'that we should see to what extent European interests can be safeguarded and whether and to what extent they would need to be underwritten in more than one way, in trying to make Rhodesia a country in which both communities can work together'.

Mr Callaghan agreed that, for the African majority, there was 'a lot to be gained from partnership with the European minority'. But he emphasised that 'it takes two to make a partnership'. The first thing that was needed was 'a clear indication that the European minority is ready to share that partnership with the African majority'. Mr Callaghan told the House that there were means by which the European population could contact him; indeed, he had 'received emissaries within recent weeks who [had] expressed . . . varying points of view. They know that they are free to communicate if they wish to do so'.

Mr Callaghan reminded the House that the proposals were put forward 'for others to consider'. Britain was 'not in a position to impose a settlement', but he had set out the proposals in an effort to discharge its '*de jure* and moral responsibility'. Britain would 'not be monitoring proposals', he stated. 'If there is an agreement which is acceptable to all the shades of opinion in Rhodesia which I outlined, we shall be ready, if necessary at some sacrifice to ourselves, to assist in ensuring that that settlement is translated into reality for all the people of that country.' A period of transition of 18 months to two years was, he said, 'clearly not one to which I would tie myself'; but 'it must be a period in which African ministers are brought into government, in which electoral rules are prepared, and in which elections can take place'. He believed that the period he had suggested 'could well be acceptable to the African majority there – if they thought there was a reality . . . [which] would really come about and not be thwarted'.

Asked about guarantees of Rhodesia's territorial integrity after independence, Mr Callaghan referred to the Prime Minister's statements 'in several quarters, that any aggression by external forces against Rhodesia would meet with the condemnation of this country . . .'. His own view was that 'if we could reach agreement along these lines, the integrity of the country would be respected'.

EUROPEAN COUNCIL SUPPORT FOR BRITAIN'S OBJECTIVES

The approach of Community member states on the Rhodesian issue was set out on 2 April in a statement on Rhodesia, issued by the European Council of Heads of Government in Luxembourg.

In a statement in February on Angola (see p 104), the foreign ministers of the Nine had given also 'the basic position of the member countries' in relation to that region of Africa, expressed as a number of principles:

1 'The readiness of the Nine to develop relations of co-operation to the extent that these are desired by the African states, and their dissociation from any action by any state seeking to establish a zone of influence in Africa;

2 'Respect for the independence of all African states and their right to determine their national policies in complete sovereignty and without outside interference;

3 'Support for the efforts of the Organisation of African Unity in promoting African co-operation;

4 'The right of self-determination and independence of the people of Rhodesia and Namibia;

5 'Condemnation of the policy of apartheid in South Africa.'

In the statement by heads of Government these principles were reaffirmed, 'and in particular the right of the Rhodesian people to self-determination and independence'. The Nine, they declared, 'therefore deplore the fact that recent events have made a peaceful transfer of power to the majority more difficult.'

The statement went on to 'vigorously support the objectives laid down by the British Government on 22 March, and the efforts it is making to achieve them'; and it appealed 'solemnly to the Rhodesian minority, which at present is opposing a system of majority rule, to accept a rapid and peaceful transition to such a system'. Finally, the Nine confirmed 'that they will continue to apply strictly the Security Council decisions concerning Rhodesia'.

REACTIONS TO THE PROPOSALS BY RHODESIAN LEADERS

Mr Smith's reaction to Mr Callaghan's proposals was given in a statement issued on the following day, in which he maintained that they were 'no less extreme than those made by the African National Council'. It was the 'extreme and unacceptable nature of Mr Nkomo's demands' which, he said, had caused the breakdown of the talks; while his own counter-proposals had 'offered far-reaching concessions in the way of constitutional advance and power-sharing'. Mr Smith's statement concluded: 'It is

the considered view of my Government that Mr Callaghan's statement does not offer any hope of making real progress towards the constitutional settlement which we all desire.'

Giving the British Government's view of this statement, a spokesman for the Foreign and Commonwealth Office said on 24 March that it 'did not come as a particular surprise'; though the Government 'hoped that when Mr Smith and his colleagues reflected on the consequences of rejecting the Secretary of State's proposals, they would come to see that the proposals provided the only alternative to what was described by Mr Callaghan . . . as "the path to death and destruction" and the only way towards a peaceful settlement'. The offer of the proposals was still on the table, and the Government was ready to receive messages from Mr Smith.

Reactions to Mr Callaghan's statement were also given by the internal and external wings of the ANC. Speaking in Zambia on 24 March, Mr Nkomo was reported as considering the proposals to be 'too apologetic', and Mr Smith to be a racist who could not be trusted and who could be reformed only by force. 'Britain and Rhodesia must now accept the consequences resulting from an intensified guerrilla war'. In Nairobi the vice-president of the external wing, Dr Gabellah, reportedly said that his organisation 'totally condemns and firmly rejects' the proposals, which he described as an insult to the people of Zimbabwe (Rhodesia).

THE FOUR PRESIDENTS: CONTINUING CONSULTATIONS

From 24 to 25 March the Presidents of Zambia, Tanzania, Botswana and Mozambique met in Lusaka for discussions, also attended for part of the time by Mr Nkomo and the leader of the ANC's external wing, Bishop Muzorewa. No statement or communiqué was issued after the talks. On the question of bringing together the two wings of the ANC, both leaders were reported as making clear that there had been no agreement to unite them.

At the beginning of April visits were made by Mr Ennals, Minister of State, Foreign and Commonwealth Office, to Tanzania and Mozambique, as part of the continuing process of consultation between the British Government and the African Presidents. In Mozambique, Mr Ennals's visit included discussions on the aid to be provided by Britain in support of its economy.

AID TO MOZAMBIQUE

Since Mozambique's decision of 3 March to implement United Nations sanctions against Rhodesia (see p 108), Britain has supported both Commonwealth and United Nations efforts to assist in offsetting the effects of this decision on its economy.

Action at the United Nations

On 17 March a resolution to provide aid to Mozambique, co-sponsored by Britain, was unanimously passed by the Security Council. In a statement on the draft resolution Britain's representative, Mr Ivor Richard, reaffirmed the British Government's 'commitment to sanctions as the means of bringing about a peaceful transfer of power to the Rhodesian majority'; and he noted that 'Mozambique's action underlines once again the fact that time is fast running out for the minority régime'. In a statement by the UN Secretary-General, made after the vote, Dr Waldheim said that Mozambique's decision and the Security Council action added 'a new impetus and dimension to the measures already taken by the United Nations to end the illegal régime'. He assured the Council that he would 'do everything [he could] to organise all possible assistance to Mozambique in accordance with the terms of the resolution'.

Meeting of the Commonwealth Sanctions Committee

At a meeting of the committee held in London on 31 March the Commonwealth Secretary-General, Mr Ramphal, reported on the outcome of the contacts he had pursued with the Government of Mozambique, in accordance with the committee's recommendation of 4 March (see p 108). In a press communiqué issued after the meeting, it was stated that Mr Ramphal had given an account of his discussions on 17-19 March with the Mozambique Government, which had been 'particularly appreciative' of the decisions and action taken by the Commonwealth. He had also told of his discussions in New York on 25-26 March with Dr Waldheim, at whose request he had provided a senior officer of the Commonwealth Secretariat to join the UN's technical mission to Mozambique, expected to leave New York on 1 April. This close co-operation with the United Nations was noted with approval by the committee.

In the light of his visit to Maputo (formerly Lourenço Marques) the Secretary-General summarised Mozambique's short- and medium-term requirements under four headings: balance of payments support and financial assistance; essential mport items; skilled manpower, to help maintain infrastructure and rehabilitate essential productive activities; and technical assistance for the Mozambique Government's planning efforts, including its medium-term need to develop projects to reduce the economy's dependence on Rhodesia.

This report was welcomed by the committee, which 'expressed confidence that it would be of great value to Commonwealth Governments in translating into practical action their Kingston commitment (see p 108); and the committee recommended for their 'prompt consideration' that they should indicate 'what immediate practical assistance they were able to offer on a bilateral basis', and should examine 'what contribution they could make to any programme which might emerge under the United Nations' auspices'. Without prejudice to such contributions, the committee also strongly recommended to Commonwealth Governments' consideration 'an immediate and effective joint Commonwealth contribution in the field of technical assistance, where the experience of the Secretariat's Fund for Technical Co-operation (see pp 188-9, 1975) was particularly relevant'.

British Bilateral Aid

In fulfilment of the British Government's commitment to the Kingston proposals, and in line with United Nations resolutions on sanctions, it was stated in Parliament on 31 March (*Hansard, HL,*

cols 1066-70) that British financial aid and technical assistance were to be made available to Mozambique. There would be an immediate loan of £5 million, and an ultimate total of £15 million would be made available out of the British aid programme 'to cover a period of years, as and when disbursement works out to be practicable'. The Government's assistance to Mozambique would be 'designed to further [its] economic development', and 'will now also take account of Mozambique's decision to implement sanctions against Rhodesia'.

Anglo-Soviet Relations

MR GROMYKO'S VISIT TO BRITAIN

At the invitation of the British Government, Mr A. A. Gromyko, Minister for Foreign Affairs of the Union of Soviet Socialist Republics, paid an official visit to Britain from 22 to 25 March – a visit subsequently described by Mr Harold Wilson (then Prime Minister) as 'the most important event in Anglo-Soviet relations since the Moscow summit of last year' (see pp 96-8, 1975). While in London, Mr Gromyko had talks with Mr Wilson, and Mr James Callaghan, then Secretary of State for Foreign and Commonwealth Affairs. Their discussions, which took place in a business-like and constructive atmosphere, covered a wide range of bilateral and international issues of concern to both countries. The main points of the joint communiqué, issued at the end of the visit, are summarised below.

The Communiqué

The two sides reviewed developments in Anglo-Soviet relations during the past year and the progress made in implementing the bilateral documents and understandings signed during Mr Wilson's visit to the Soviet Union in February 1975. They welcomed the development in the last 12 months of wide-ranging contacts at all levels between Britain and the Soviet Union, noting, in particular, exchanges in the fields of the environment, public health, culture, science, education and agriculture. They resolved to promote increased contacts and exchanges of all kinds to the mutual benefit of the British and Soviet peoples.

They reaffirmed the importance which both sides attach to regular political contacts and to discussions at all levels, including the highest, and agreed that ministerial visits to Britain and the Soviet Union later this year would promote co-operation in a number of fields, and would reflect their intention to take in the future the necessary practical steps to ensure the expansion of bilateral co-operation. It was also agreed that officials from the Foreign and Commonwealth Office and the Soviet Ministry for Foreign Affairs should hold a further meeting in London later this year to discuss topics of mutual interest.

The two sides noted with satisfaction the recent improvement in Anglo-Soviet economic relations and reaffirmed their desire to see a substantial increase in trade and the expansion of economic and industrial co-operation to the advantage of both countries. They hoped that the forthcoming meeting in London of the permanent Anglo-Soviet Inter-governmental Commission for Co-operation in the fields of applied science and technology, trade and economic relations would make an important contribution to this end. (In the House of Commons on 25 March [*Hansard*, written answers, cols 238-9] Mr Wilson described the development of Anglo-Soviet trade as 'central to our improving relationship'. For this reason, he and Mr Callaghan had received with pleasure Mr Gromyko's 'firm and unequivocal assurance' that the Soviet authorities would take up in the near future the whole of the £950 million credit provided for under the agreement signed in Moscow in February 1975; this should result in 'very substantial orders indeed' being placed shortly with British industry.)

The agreement for an exchange of visits for naval vessels later this year was welcomed by both sides. They decided to take steps to promote further exchanges between the armed forces of the two countries.

Turning to international matters, the two sides reaffirmed their intention, acting together or concurrently in co-operation with other states, to continue their efforts to strengthen international peace and security and to work for the further relaxation of tensions within Europe and throughout the world. They noted the role of the Conference on Security and Co-operation in Europe in working towards this goal and reaffirmed their resolve to implement fully, together with the other participating states, all the provisions of the Final Act of the Helsinki Conference (see pp 305-12, 1975). They emphasised the important contribution which an agreement in the negotiations on the Mutual Reduction of Forces and Armaments and Associated Measures in Central Europe (see p 10) could make towards a more stable relationship and the strengthening of peace and security in Europe. They confirmed their interest in achieving such an agreement, in conformity with the principle of undiminished security for each party.

Both sides remained convinced that effective measures should be taken to end the arms race and to achieve general and complete disarmament embracing both nuclear and conventional weapons under strict and effective international control. A solution to these problems might be facilitated by the convening of a World Disarmament Conference.

Recalling the signature in Moscow on 17 February 1975 of the Joint Anglo-Soviet Declaration on the Non-Proliferation of Nuclear Weapons, the two sides reaffirmed the principles stated in the declaration. Implementation in co-operation with other states of further effective measures in this field, including those within the framework of the International Atomic Energy Agency, would help to prevent the proliferation of nuclear weapons. The two sides welcomed their increased co-operation in the peaceful uses of nuclear energy in accordance with the Non-Proliferation Treaty. They emphasised the great importance of this treaty and of its strict observance, noting

with satisfaction that the number of states party to the treaty had increased during the past year. They declared that they continued to favour the widest possible adherence to the treaty.

The two sides expressed their deep concern at the continuing dangerous situation in the Middle East and again underlined the need for the early achievement of a just and lasting political settlement here. There was also an exchange of views on southern Africa, during which the two sides set out their respective positions.

The United Nations Law of the Sea Conference (see pp 144-5, 1975) was also discussed and the two sides reaffirmed their intention to work for agreement on a new convention on this subject which would be acceptable to all states. They considered it important that significant progress should be made towards this objective at the current session of the conference which is taking place in New York, and confirmed that they intended to continue bilateral consultations on this issue.

The two sides were united in their desire to facilitate the expansion of world trade and were in favour of continuing the contacts which have already taken place between the European Economic Community and the Council for Mutual Economic Co-operation with a view to establishing co-operative relations. They also held a constructive exchange of views on European co-operation in areas such as protection of the environment, transport and energy.

Finally, the two sides agreed that their discussions had been 'of positive value' in contributing to the firmly based and continuing improvement in their relations, which remains the objective of both Governments. They reaffirmed their desire to develop their relations on a basis of mutual respect, understanding and co-operation which corresponds to the interests of the British and Soviet peoples and will promote the strengthening of peace in Europe and the world.

Mr Gromyko also invited Mr Callaghan to pay an official visit to the Soviet Union; this invitation was accepted.

Shorter Notes

ARGENTINA

A *coup d'état* carried out by the armed forces of Argentina overthrew the Government of President María Estela Perón on 24 March. Señora Perón, who assumed the Presidency on the death of her husband General Juan Perón in July 1974, was arrested and flown to detention in the south-western province of Neuquen. A three-man junta comprising the commanders of the armed forces has been set up, with General Jorge Videla being sworn in as President on 29 March. There is a new eight-man Cabinet of which two members are civilian. Members will hold office for a maximum of three years. The junta meanwhile has dissolved Congress, suspended all political parties and trade unions and dismissed all justices of the Supreme Court.

On the day of the *coup* the junta announced that it would provide a government of 'national reorganisation', and declared its intention of restoring morality and efficiency to the government, of wiping out subversion and restoring the economy 'in order to ensure the eventual establishment of a republican, representative and federal democracy'.

The new Government was recognised by Britain on 26 March.

ECONOMIC AND SCIENTIFIC AFFAIRS

Overseas Trade in 1975

An analysis of Britain's overseas trade during 1975, together with figures going back for the last ten years, was published in *Trade and Industry* on 12 March.

Taken as a whole 1975 was a year of recovery for Britain's balance of payments (see pp 271-2, 1974, pp 274-5, 1975 and pp 164-8). The low level of domestic activity and rapid de-stocking resulted in a 7 per cent fall in import volumes, while export volumes declined by only 4 per cent, despite the setback in world trade. These two factors, together with an 8·5 per cent improvement in the terms of trade, resulted in the visible trade deficit declining by £2,064 million over the year to £3,200 million.

The improvement in Britain's visible trade balance in 1975 reflected disparate movements in the trading position in relation to the main trading areas. Trade with the developing world in 1975 improved substantially and was only partly offset by a worsening of trade with the developed economies. Major features in 1975 were an improvement of £1,507 million in the trade deficit with the oil-exporting countries, resulting from a growth in exports of 85 per cent by value (on a balance of payments basis) and a fall in import values of 14 per cent, together with a swing from a deficit of £84 million to a surplus of £588 million in the trade balance with the rest of the world, reflecting higher exports. The trade position with Western Europe outside the European Community and with North America also improved between 1974 and 1975 reflecting lower imports of raw materials and food and higher exports of finished manufactures to those areas. By contrast, there was a worsening of Britain's trade both with the European Community, reflecting higher food imports, and with the other developed countries.

The value of Britain's overseas trade between 1966 and 1975, as well as volume indices and terms of trade, is shown in Table 1.

Exports

The value of exports in 1975 increased by 18 per cent to £18,772 million while the volume was 4 per cent lower than in 1974. The improvement in 1975 has undoubtedly been partly due to the lagged effect of the gains in competitiveness afforded by the depreciation of the sterling exchange rate; thus between the first half of 1972 and the second half of 1974 the ratio of British export prices of manufactures to competitors' prices fell by 11 per cent – though the difference has probably been reduced slightly in 1975.

The value of goods dispatched to the developed countries as a whole was 13 per cent more than in 1974, while exports to the European Community were 16 per cent higher and exports to the rest of Western Europe 14 per cent higher. Exports to North America increased by only 3 per cent while shipments to other developed countries rose by 11 per cent. Exports to the developing countries in aggregate were 45 per cent higher in 1975 than in 1974 while, within this group, exports to the oil-exporting countries rose by 88 per cent and those to other developing countries by 23 per cent. Exports to the centrally planned economies rose by 29 per cent in 1975.

Among major commodity groups the value of manufactured goods exported rose by 20 per cent,

Table 1

Overseas Trade 1966–75 (Balance of Payments Basis)

	Exports f.o.b. £ million	Imports f.o.b. £ million	Volume Indices (1970 = 100) Exports	Imports	Terms of Trade[1] (1970 = 100)
1966	5,203	5,269	79·9	79·0	99·6
1970	7,907	7,932	100·0	100·0	100·0
1971	8,810	8,530	106·7	104·2	100·9
1972	9,141	9,843	106·6	116·3	101·3
1973	11,772	14,104	121·8	133·9	90·2
1974	15,895	21,159	130·1	135·2	74·6
1975	18,772	21,972	124·9	125·6	80·8

[1]Export unit value index as a percentage of the import unit value index.

a fall of 3 per cent in volume being more than outweighed by a rise of 24 per cent in prices. Shipments of machinery and transport equipment each increased in volume by 6·5 per cent, while other major manufactured commodities experienced falls in volume. Exports of chemicals and metals were 16 per cent and 12 per cent lower in volume respectively, although increased export prices caused the value of deliveries to rise; in the case of textiles, a moderate rise in prices was insufficient to offset a fall of 16 per cent in volume so that the value of deliveries fell by 6·5 per cent.

Among non-manufactures the value of food, beverages and tobacco exported rose by 34 per cent and the volume by 9 per cent. The volumes of basic materials and fuels exported both fell; while the value of exports of basic materials fell by 2·5 per cent and that of exports of fuels by 6 per cent.

Imports

The value of imports in 1975 amounted to £21,972 million on a balance of payments basis, some 4 per cent higher than in 1974. The increase was the result of a 13 per cent rise in the import unit value index, partly offset by a 7 per cent fall in volume. Among the major commodity groups, the unit value index of finished manufactures rose by 24 per cent reflecting a period of inflation in the major manufacturing countries and the depreciation of sterling. The unit value index for imports of food, beverages, tobacco and fuels was 14 per cent higher. Within the overall fall in the volume of imports, fuel imports fell by 16 per cent, industrial materials by 12 per cent and finished manufactures by 3·5 per cent, reflecting the depressed state of world demand and production. Imports of food, beverages and tobacco showed the smallest fall, of 1 per cent.

Among the major areas of the world, the value of imports from the European Community increased by 14 per cent during 1975 while imports from the rest of Western Europe rose by only 4 per cent. By contrast, imports from North America fell by 1·5 per cent. Imports from the other developed countries rose in value by 10 per cent. The value of imports from the oil-exporting countries fell by 13 per cent while the corresponding figure for other developing countries rose by 3 per cent. The value of imports from the centrally planned economies remained unchanged.

AREA PATTERN

Table 2 shows Britain's trade with the main areas of the world in 1974 and 1975 on an overseas trade statistics basis. On this basis, the value of exports in 1975 was £19,929 million, 20 per cent more than in 1974, while that of imports, at £24,163 million, was only 4 per cent more than in 1974.

Exports

European Community

Exports to the European Community in 1975 rose by 16 per cent to £6,419 million while, within this total, exports to Britain's smallest market in the Community, Denmark, rose by only 3·5 per cent. Increased exports of machinery and transport equipment played a large part in the improvement in exports to all Community countries in 1975. Exports of cereals, particularly barley, also increased considerably to most member countries. This may partly have been a reflection of the poor barley crop in Europe in 1974 at a time of a good harvest in Britain and partly a reflection of the price structure for barley at the time of the 1975 harvest which meant that British barley was relatively cheap on Community markets. Exports of meat and iron and steel to the Federal Republic of Germany and France, Britain's fastest growing Community markets in 1975, dairy products to the Netherlands, and medical and pharmaceutical goods to Italy also showed significant increases in the year although the values of trade involved were generally small. By contrast, there were reductions in the value of petroleum and petroleum products exported to France, the Federal Republic of Germany and Belgium and Luxembourg, chemicals to the Netherlands and Belgium and Luxembourg, non-ferrous metals to the Federal Republic of Germany and Italy and textile fibres and yarn to the Irish Republic.

Rest of Western Europe

Exports to the rest of Western Europe rose by 14 per cent – Sweden remaining Britain's largest market in this area with exports being valued at £862 million, a 14 per cent increase over 1974, largely due to higher exports of machinery and transport equipment, rubber manufactures and metals. Exports to Spain increased by 13 per cent, largely reflecting increased shipments of food, fuels, machinery and transport equipment which more than offset lower deliveries of chemicals and manufactured goods.

North America

Exports to North America rose in value by only 3 per cent. Deliveries to the United States of America, at £1,768 million, stood at the same level as in 1974 while the value of goods dispatched to Canada rose by 10 per cent.

Other Developed Countries

Exports to the other developed countries (Australia, New Zealand, South Africa, Japan) rose in value by 11 per cent. Within this group, Australia, New Zealand and Japan all received increased deliveries of machinery and transport equipment but lower exports of both textiles and chemicals. These changes resulted in an overall growth of 5·5 per cent in exports to Australia but reductions in the value of goods dispatched to Japan and New Zealand. Exports to South Africa increased by 30 per cent, mainly reflecting increased deliveries of machinery and transport equipment.

Developing Countries

Exports to the developing countries rose by 45 per cent to £5,202 million, within which goods delivered to the oil-exporting countries rose sharply by 88 per cent, reflecting increased demand resulting from increased revenues following the rise in oil prices at the end of 1973 (see p 441, 1973 and p 17, 1974). Among the oil-exporting countries, Iran, Nigeria and Saudi Arabia remained the largest

Table 2

Trade by Area (Overseas Trade Statistics Basis)

	1974 £ million	1975 £ million	Percentage increase 1974–75
EXPORTS (f.o.b.)			
Developed countries	12,436	14,003	13
of which *EEC*	*5,521*	*6,419*	*16*
Rest of Western Europe	*2,950*	*3,372*	*14*
North America	*2,267*	*2,332*	*3*
Other[1]	*1,699*	*1,879*	*11*
Developing countries	3,591	5,202	45
of which *Latin America*	*490*	*686*	*40*
Middle East and North Africa	*1,330*	*2,227*	*67*
Other	*1,767*	*2,277*	*29*
Centrally-planned economies[2]	515	666	29
Total all countries	**16,600**	**19,929**	**20**
of which *Oil-exporting countries*[3]	*1,210*	*2,278*	*88*
IMPORTS (c.i.f.)			
Developed countries	16,092	17,433	8·5
of which *EEC*	*7,734*	*8,805*	*14*
Rest of Western Europe	*3,429*	*3,566*	*4*
North America	*3,249*	*3,208*	*—1·5*
Other[1]	*1,680*	*1,855*	*10*
Developing countries	6,376	5,940	—7
of which *Latin America*	*648*	*628*	*—3*
Middle East and North Africa	*3,499*	*3,022*	*—14*
Other	*2,229*	*2,290*	*2·5*
Centrally-planned economies[2]	751	753	—
Total all countries	**23,283**	**24,163**	**4**
of which *Oil-exporting countries*[3]	*3,785*	*3,274*	*—13*

[1], [2] See p 276, 1975.

[3] As on p 276, 1975, but including Sharjah and other member states of the United Arab Emirates.

British export markets, shipments to these countries increasing by 77, 130 and 67 per cent respectively; in each case the increases were reflected throughout the range of commodities. Shipments to Latin America increased by 40 per cent in 1975. Within this area, Brazil remained the largest market although its rate of growth, at 13 per cent, was well below that of the area as a whole. Some four-fifths of the increase in exports to Latin America was concentrated in five countries and there were particularly large increases in Mexico, Peru and Venezuela. There was a large rise in exports to Latin America of non-electrical machinery which accounted for about half the total rise – and a lesser, but significant, rise in exports of semi-manufactures, especially iron and steel.

Centrally Planned Economies

The value of exports to the centrally planned economies rose by 29 per cent to £666 million, almost 60 per cent of which were to Poland and the Soviet Union. Exports to Poland rose by 31 per cent, due almost entirely to greater shipments of machinery and transport equipment. Exports to the Soviet Union rose by 92 per cent owing to greater deliveries of chemicals, iron and steel and machinery and transport equipment, although there was a fall of 22 per cent in the fourth quarter of 1975.

Imports

European Community

Imports from the European Community increased by 14 per cent in 1975, with each member country contributing. The largest rises were in shipments from France, Belgium and Luxembourg due in each case to increased imports of machinery and transport equipment, petroleum products, semi-manufactures (other than chemicals) and refined sugar. Imports from all other member countries also showed increases in machinery and transport equipment (mainly as a result of higher prices) while imports of dairy produce from the Irish Republic and the Federal Republic of Germany, textiles, clothing, footwear, iron and steel from Italy, and petroleum products and a wide range of foods from the Netherlands, all increased. By contrast, there were reductions in imports of petroleum products from Italy, crude oil from the Irish Republic, chemicals from the Netherlands, and chemicals and aluminium from the Federal Republic of Germany.

Rest of Western Europe

Imports from the rest of Western Europe rose by 4 per cent but, within this area, the greatest rise was of 45 per cent in imports from Norway due to

arrivals of North Sea oil production installations during the second half of 1975. Reduced imports of timber and paper contributed to the decline in imports from Finland and Sweden although in the latter case this was offset by higher imports of machinery and transport equipment. Imports from Switzerland were little changed as higher imports of non-metallic mineral manufactures were countered by a fall in the value of shipments of aluminium. The general picture for this group of countries during 1975 was one of declining deliveries, reflecting the drop in imports of timber and paper but with a recovery in the fourth quarter which saw rises of over 20 per cent in imports from Finland, Sweden and Switzerland.

North America

Imports from North America fell by 1·5 per cent in 1975. A rise of 4 per cent in arrivals from the United States of America, mainly of machinery, was more than offset by a fall of 13 per cent in imports from Canada – particularly timber and cereals.

Other Developed Countries

Imports from the other developed countries rose by 10 per cent in 1975. Within these countries, imports from Japan increased by 18 per cent, to which greater deliveries of cars and iron and steel contributed. Increased deliveries of non-metallic mineral manufactures was the major cause of the 16 per cent increase in imports from South Africa. Increases in imports of dairy produce (the result of higher prices for butter and cheese as well as a greater quantity of cheese imports) and meat from New Zealand helped counter a fall in the price of wool imports. Among imports from Australia there were reductions in shipments of sugar, meat and lead as a result of lower prices, while deliveries of coal increased.

Developing Countries

Imports from the developing countries were 7 per cent lower in 1975. Imports from Latin America decreased by 3 per cent owing to a fall in the value of copper and meat imports, while imports from the Middle East and North Africa fell by 14 per cent owing to a reduced volume of imports of crude oil.

Among oil-exporting countries, imports from Iran rose by 36 per cent due largely to a switch in source of fuel imports, as Iran took the place of Kuwait as Britain's second major supplier, behind Saudi Arabia, while those from Saudi Arabia showed a decrease of 27 per cent. Imports of petroleum from Nigeria also fell in 1975.

Centrally Planned Economies

Imports from the centrally planned economies as a whole were unchanged in 1975. Within this group, imports from the Soviet Union of timber and non-ferrous metals fell while imports of petroleum and petroleum products increased.

COMMODITY PATTERN

Table 3 shows the pattern of Britain's overseas trade by commodities in 1974 and 1975.

Exports

Manufactured Goods

Exports of manufactures, which accounted for 83 per cent of total exports, followed the same pattern in 1975 but fell in volume by 3 per cent. Within this broad group, exports of machinery and transport equipment rose in value by 36 per cent, the result of a 28 per cent rise in prices combined with a 6·5 per cent growth in volume. Exports of transport equipment alone rose in value by 33 per cent, a combination of a 27 per cent rise in prices and a 6·5 increase in volume.

Within semi-manufactures, exports of chemicals increased slightly to £2,179 million, a rise of 24 per cent in prices offsetting a heavy fall in volume.

Exports of metals and miscellaneous metal manufactures showed an increase in value of 7·5 per cent, increased prices more than compensating for a substantial fall of 12 per cent in volume. Exports of iron and steel and miscellaneous metal manufactures grew strongly in 1975 by 24 per cent and 31 per cent respectively while non-ferrous metals fell considerably by 22 per cent.

Exports of textiles in 1975 fell in volume by 16 per cent and in value by 6·5 per cent.

Non-manufactured Goods

Exports of food, beverages and tobacco in 1975 increased by 34 per cent, while those of fuels rose by only 6 per cent and exports of basic materials showed a fall of 2·5 per cent.

Imports

Food, Beverages and Tobacco

Imports of food, beverages and tobacco increased by 15 per cent in 1975. Imports of dairy produce and eggs increased by 54 per cent to £523 million as prices rose by 37 per cent (the price of butter rising by 42 per cent and that of cheese by 27 per cent), while imports of butter from the European Community grew in volume by 12 per cent – in part replacing shipments from New Zealand which fell by 6 per cent; though deliveries of New Zealand cheese rose by 58 per cent while those from the European Community grew by only 17 per cent.

Imports of cereals and animal feedingstuffs during 1975 were little changed at £723 million as a 5 per cent increase in volume was counteracted by lower prices, particularly for animal feedingstuffs. However, there were diverse movements among cereals – wheat increased in volume by 27 per cent while imports of barley fell by 38 per cent and of maize by 7·5 per cent. Imports of other food (including sugar) and live animals increased by 32 per cent. Imports of raw sugar increased in value by 71 per cent, higher prices more than outweighing a 9 per cent fall in volume. By contrast, the volume of imports of refined sugar rose by 68 per cent, almost all the increase occurring in the first half of 1975. Imports of beverages and tobacco were both little changed in value but imports of beverages fell in volume by 7·5 per cent, reflecting a drop in the demand for wines; imports of tobacco fell in volume by 12 per cent.

Fuel

Imports of fuel in 1975 fell by 7 per cent, reflecting

Table 3

Trade by Commodities (Overseas Trade Statistics Basis)[1]

	1974 £ million	%	1975 £ million	%	Percentage increase 1974–75
EXPORTS (f.o.b.)					
Food, beverages and tobacco	1,063	6·4	1,428	7·2	34
Basic materials	576	3·5	561	2·8	— 2·5
Fuels	767	4·6	814	4·1	6
Manufactures	13,685	82·4	16,464	82·6	20
Machinery and transport equipment	6,059	36·5	8,236	41·3	36
Non-electric machinery	3,083	18·6	4,255	21·4	38
Electric machinery	1,132	6·8	1,529	7·7	35
Road motor vehicles	1,305	7·9	1,737	8·7	33
Other transport equipment	535	3·2	715	3·6	34
Chemicals	2,143	12·9	2,179	10·9	1·5
Metals and metal manufactures	1,712	10·3	1,839	9·2	7·5
Textiles	745	4·5	698	3·5	— 6·5
Other manufactures	3,025	18·2	3,512	17·6	16
Miscellaneous	509	3·1	662	3·3	30
Total all commodities	**16,600**	**100·0**	**19,929**	**100·0**	**20**
IMPORTS (c.i.f.)					
Food, beverages and tobacco	3,779	16·2	4,346	18·0	15
Fuels	4,627	19·9	4,310	17·8	— 7
Industrial materials	8,953	38·5	8,364	34·6	— 6·5
Basic materials	2,580	11·1	2,214	9·2	—14
Chemicals	1,584	6·8	1,409	5·8	—11
Other semi-manufactures	4,789	20·6	4,741	19·6	— 1
Finished manufactures	5,555	23·9	6,655	27·5	20
Machinery and transport equipment	3,901	16·8	4,783	19·8	23
Electric machinery	1,010	4·3	1,045	4·3	3·5
Non-electric machinery	1,959	8·4	2,557	10·6	31
Road motor vehicles	645	2·8	883	3·7	37
Other transport equipment	287	1·2	297	1·2	3
Other finished manufactures	1,653	7·1	1,872	7·7	13
Miscellaneous	370	1·6	489	2·0	32
Total all commodities	**23,283**	**100·0**	**24,163**	**100·0**	**4**

[1] See also p 277, 1975.

a 22 per cent drop in arrivals of crude oil. Among Britain's major suppliers only shipments from Iran increased in volume (by 21 per cent), in marked contrast to arrivals from Saudi Arabia and Kuwait which fell in volume by 38 per cent and 36 per cent respectively.

Industrial Materials

Imports of industrial materials in 1975 fell by 6·5 per cent, reflecting the stabilisation of industrial production and an end to the rapid rundown of stocks. Within this commodity group, imports of crude materials rose by 10 per cent with rises of 23 per cent in metal ores and 11 per cent in pulp and waste paper. By contrast, textile fibre imports fell by 5·5 per cent, reflecting a 7 per cent drop in volume, while imports of wood, lumber and cork remained unchanged in value despite a 3 per cent rise in volume. Imports of timber dropped by 34 per cent. Imports of metal ores fell by 11 per cent, including a 21 per cent drop in volume of imports of iron ore. Imports of textile fibres also fell, by 15 per cent, due mainly to lower prices particularly for wool.

Chemicals

Imports of chemicals in 1975 totalled £1,409 million, 11 per cent lower than in 1974, despite higher prices. The volume of plastics materials imported fell by 29 per cent.

Other Semi-manufactures

Imports of paper and paperboard fell by 14 per cent in 1975, reflecting a 30 per cent drop in volume. A lower volume of imports (particularly of copper and aluminium) and a fall in the price of copper contributed to a reduction of 19 per cent in the value of imported non-ferrous metals. Imports of iron and steel increased by 15 per cent, due partly to increased imports of pipe for North Sea oil. Imports of other semi-manufactures fell by 1 per cent.

Finished Manufactures

Imports of finished manufactures in 1975 in-

creased by 20 per cent to £6,655 million, due partly to arrivals of North Sea oil production installations which accounted for 4 per cent of the total. The value of imports of road motor vehicles increased by 37 per cent, while within this category, imports of cars increased in number by 20 per cent (imports from the European Community rose by 12 per cent and those from Japan by 44 per cent) while the number of lorries and trucks imported fell by 38 per cent. These figures reflect a 22 per cent fall in production in Britain of motor cars for the home market and a drop in demand for commercial road vehicles.

Consumer Goods

Imports of consumer goods in 1975 rose by 20 per cent in value, reflecting not only the higher value of imports of cars but also a 23 per cent rise in imports of clothing and footwear. Higher prices were responsible for the rise in imports of footwear while increases in prices and quantity contributed almost equally to the growth in imports of clothing. Imports of television sets fell by 27 per cent.

Capital Goods

Imports of capital goods, excluding North Sea oil production installations, increased by 13 per cent in 1975, reflecting rises in the value of deliveries of instruments and machinery. These rises reflected higher prices, the result of the continuing inflation in other industrialised countries and the further depreciation of the pound.

Balance of Payments in 1975

Britain's current account in 1975 is estimated to have been in deficit by £1,702 million, less than half of the deficit in 1974.[1] Of the visible trade deficit of £3,200 million, £3,114 million is attributable to trade in oil, while the deficit on non-oil goods fell from £1,841 million in 1974 to £86 million in 1975, reflecting low import volumes and more favourable terms of trade. Estimated net earnings from invisibles showed a surplus of £1,498 million, about £120 million lower than in 1974.

The current account deficit in 1975 was not only much reduced from that of 1974 but was also financed quite differently. Net identified investment and other capital flows resulted in a net outflow of £410 million, compared with a net inflow of £2,797 million in 1974. The deficit on current account and the adverse capital flows were partly financed by Government drawing of £423 million, being the remainder of the $2,500 million loan facility arranged in 1974 with the London clearing banks (see p 122, 1974), and partly by drawing £669 million from the official reserves. This left a positive balancing item of £1,020 million, a figure which is likely to be reduced as more reliable figures for investment and capital flows become available.

[1] Treasury and Central Statistical Office press notices, 8.3.76.

Details of visible trade in 1975 are given in the article on pp 159-64 which includes some additional information on the balance of payments.

INVISIBLES

The net surplus on invisibles is estimated at £1,498 million, a fall of about £120 million compared with 1974. Gross credits rose by 11 per cent to £11,155 million while gross debits increased by 15 per cent to £9,657 million. The fall in the surplus was fairly widespread, with deteriorations in the balances on the accounts for Government, sea transport, most services and interest, profits and dividends. The surplus on the travel account improved substantially and provided a partial offset to the deteriorations in other balances. The balance of visibles and invisibles is shown in Table 1.

Government Account

The net deficit on Government services and transfers, at £997 million, was £117 million higher than in 1974. The net result of transactions with institutions of the European Community yielded a credit of £44 million, compared with a net debit of £37 million in 1974. This improvement was more than offset by increases in the net debits on all other components: of £16 million in administration and diplomatic expenditure; of £26 million in economic grants; of £42 million in subscriptions to international organisations and of £17 million in other transfers.

Sea Transport

The net debit on sea transport operations increased to £212 million in 1975, continuing the slowly worsening balance on this account in recent years. The debit on dry cargo operations remained steady though this was the result of compensating changes in many items within the account; however, there was a substantial increase in the deficit on tanker operations, consequent on a lower demand for oil.

Air Transport

The growth in the surplus on civil air transport operations continued in 1975, increasing from £90 million in 1974 to £102 million in 1975. Although the volume of traffic in 1975 was only slightly greater than in 1974, credits and debits increased by 21 per cent and 23 per cent respectively as a result of increased passenger fares and freight charges.

Travel

The strong improvement in the travel account continued in 1975, the surplus rising from £151 million to £273 million. The growth in the expenditure of United Kingdom visitors abroad, which had not continued in 1974, was resumed in 1975 and rose by £190 million to £870 million, while the expenditure of overseas visitors in the United Kingdom increased by £310 million to £1,143 million, partly as a result of exchange rates moving in their favour.

Other Services

Although the net credit on other services, at £1,148 million, exceeded £1,000 million for the

Table 1

Current Account

£ million

	1973	1974	1975
Visible trade			
Exports (f.o.b.): Oil[1]	340	696	721
Other goods	11,432	15,199	18,051
Imports (f.o.b.): Oil[1]	— 1,281	— 4,119	— 3,835
Other goods	—12,823	—17,040	—18,137
Visible balance	— 2,332	— 5,264	— 3,200
nvisibles			
Services (net): Government	— 438	— 559	— 659
Private[2]	+ 989	+ 1,257	+ 1,311
Interest, profits and dividends (net):			
Public sector	— 204	— 383	— 575
Private sector	+ 1,594	+ 1,711	+ 1,847
Transfers (net): Government	— 360	— 321	— 338
Private	— 91	— 91	— 88
Invisible balance	+ 1,490	+ 1,614	+ 1,498
Current balance	— 842	— 3,650	— 1,702

[1]Petroleum and petroleum products.

[2]Including public corporations.

third consecutive year, this represented a fall of some £40 million from the 1974 surplus. The depressed state of world trade led to reduced receipts for merchanting and brokerage, and at the same time payments for services associated with British activities on the Continental Shelf almost doubled, rising from £200 million to £390 million.

Interest, Profits and Dividends

The net surplus on interest, profits and dividends is estimated to have fallen by some £55 million between 1974 and 1975 to about £1,270 million, reflecting an increase of some £190 million in the net deficit in the public sector (mainly associated with the increasing impact of interest paid on borrowing from abroad), while the net surplus in the private sector increased by some £135 million. Provisional estimates for 1975 indicate that the earnings of British companies on their direct investments overseas were some £110 million higher than in 1974, the rise probably mainly representing the impact of the depreciation of sterling on earnings in foreign currencies. Earnings of overseas companies on their direct investments in Britain rose somewhat in 1975, increased losses in the motor industry being more than offset by increased profits in other sectors, particularly those of overseas banks in London. There was a small fall in the portfolio income of British residents, largely resulting from their disinvestment of overseas securities during 1973 and 1974, while payments by Britain to non-residents increased by some £65 million, reflecting a number of foreign currency security issues by both public and private sectors in Britain during recent years. The earnings of British oil companies on their overseas operations were lower than in 1973 and 1974, mainly because of reductions in demand and pressures on their profit margins. Earnings in Britain of foreign oil companies were somewhat depressed by their expenditure on exploration of the British Continental Shelf. The substantial increases in other credits and debits were largely the result of increased activity in the Euro-currency market and in British borrowing abroad.

INVESTMENT AND OTHER CAPITAL FLOWS

There was a net outflow of identified investment and other capital of £410 million in 1975 compared with an inflow of nearly £2,800 million during 1974. In 1975 public sector overseas currency borrowing under the exchange cover scheme (see pp 117, 477, 1973) totalled £383 million compared with £1,111 million in 1974.

Official Long-term Capital

The net outflow of official long-term capital of £251 million was £24 million less than in 1974. The largest changes were a decrease of £25 million in Britain's subscription to the International Development Association and a decrease of £12 million in contributions to institutions of the European Community. Other major items in 1975 included aid lending, repayments of North American loans and Export-Import Bank credits.

Overseas Investment in Britain

Overseas investment in the public sector (see Table 2) in 1975 amounted to £434 million, compared with £764 million during 1974. Net issues and borrowing abroad by public corporations and local authorities raised £441 million in 1975,

Table 2

Analysis of Total Currency Flow and Official Financing

£ million

	1973	1974	1975
Current balance	— 842	— 3,650	— 1,702
Capital transfers[1]	— 59	— 75	—
Investment and other capital flows:			
Official long-term capital	— 252	— 275	— 251
Overseas investment in UK public sector	+ 345	+ 764	+ 434
Overseas investment in UK private sector	+ 1,594	+ 2,186	+ 1,428
UK private investment overseas	— 1,863	— 1,130	— 1,937
Overseas currency borrowing or lending (net) by UK banks:[2]			
Borrowing to finance UK investment overseas	+ 595	+ 220	+ 165
Borrowing to finance lending to UK public sector[3]	+ 827	+ 594	— 19
Other borrowing or lending (net)[4]	— 63	— 519	+ 67
Exchange reserves in sterling:[5]			
British Government stocks	+ 74	— 124	— 15
Banking and money market liabilities	+ 87	+ 1,534	— 621
Other external banking and money market liabilities in sterling	— 7	+ 148	+ 550
Import credit[6]	+ 201	+ 81	+ 88
Export credit[6]	— 436	— 453	— 713
Other short-term flows	— 195	— 229	+ 414
Total investment and other capital flows	+ 907	+ 2,797	— 410
Balancing item	+ 204	+ 363	+ 1,020
Total currency flow	+ 210	— 565	— 1,092
Official financing			
Foreign currency borrowing by the British Government[7]	—	+ 644	+ 423
Drawings on (+)/additions to (—) official reserves[8]	— 210	— 79	+ 669
Total official financing	— 210	+ 565	+ 1,092

[1]Payments under the Sterling Agreements of 1968, as renewed in 1971 and as unilaterally renewed in September 1973.

[2]Including certain other financial institutions.

[3]Prior to 1973 borrowing of this type was not separately distinguished but was probably small.

[4]Excluding changes in levels resulting from changes in sterling valuation.

[5]Sterling reserves of overseas countries and international organisations, other than the IMF; as reported by banks, etc, in the United Kingdom.

[6]Excluding trade credit between related firms; after deducting advance and progress payments to suppliers.

[7]Drawings on a Euro-dollar facility for the British Government to borrow $2,500 million.

[8]Valued in sterling at transactions rates of exchange.

largely under the exchange cover scheme, compared with £668 million the previous year. The net flows of investment in British Government stocks and local authority securities and mortgages fluctuated throughout the year, the overall change being a small net disinvestment.

Overseas investment in the private sector (see Tables 2, 3) is provisionally estimated to have fallen to around £1,430 million from the historically high level of £2,186 million in 1974. Preliminary estimates indicate that inward direct investment, at around £545 million, was some £220 million below that in 1974. Although reinvested profits were at much the same level in both years, net acquisitions of British share and loan capital were some £250 million less than during 1974; portfolio transactions resulted in a small net inflow. Net borrowing in the form of foreign currency issues raised some £56 million but there was a net disinvestment of £24 million from other securities, where net purchases by the residents of oil-exporting countries were exceeded by net sales elsewhere. Oil and miscellaneous investment is tentatively estimated at £850 million.

British Investment Overseas

Private investment overseas, at around £1,940 million, was substantially higher than in 1974, when a sizeable net disinvestment (of £765 million) from portfolio holdings overseas had reduced the net investment outflow to £1,130 million. During 1975 portfolio investment transactions resulted in a net disinvestment of only £18 million. Outward direct investment is provisionally estimated to have been £310 million less than in 1974, while reinvested profits increased by some £80 million; other forms of investment, which include net acquisitions of overseas affiliates' share and loan capital, fell by some £390 million. Oil and miscellaneous investment was some £370 million above the level in 1974, largely associated with repayments by British

Table 3

Inward and Outward Investment[1] – Private Sector

£ million

	1973	1974	1975
Overseas investment in UK private sector			
Direct			
Unremitted profits[2]	+ 316	+ 312	+ 319
Other	+ 366	+ 452	+ 227
Investment in UK company securities	+ 229	+ 134	+ 32
Oil and miscellaneous	+ 683	+1,288	+ 850
Total	+1,594	+2,186	+1,428
UK private investment overseas			
Direct			
Unremitted profits[2]	— 847	— 872	— 953
Other	— 777	— 668	— 277
Portfolio	+ 293	+ 765	+ 18
Oil and miscellaneous	— 532	— 355	— 725
Total	—1,863	—1,130	—1,937

[1]Net of disinvestment. Assets: increase —/ decrease+. Liabilities: increase+ / decrease—.
[2]Excluding unremitted profits of branches.

oil companies of trade credit received from their overseas subsidiaries.

Banks' Overseas Activities

Overseas currency borrowing or lending (net) by British banks, excluding those funds borrowed by the Government under the $2,500 million loan facility, grew considerably during the year with liabilities and claims each increasing by around £15,000 million – though part of this can be attributed to the enhanced sterling value of the stock of liabilities and assets consequent upon the depreciation of sterling during 1975. Allowing for this effect, the net inflow (net increase of liabilities) was some £210 million in 1975 compared with a net inflow of nearly £300 million during 1974. Net borrowing to finance British investment overseas, which had declined considerably during the latter part of 1974, revived during 1975, so that net borrowing totalled £165 million compared with £220 million in 1974. Borrowing to finance lending to the public sector which had fallen sharply during 1974 did not recover during 1975, the overall figure for the year showing an outflow of £19 million. During 1975 there were pronounced fluctuations in the net total of other transactions by British banks resulting in a small net inflow for the year of £67 million. British banks had been borrowing principally from the oil-exporting countries during 1974, but depositors were more widely distributed in 1975 – lending grew to most areas other than North America.

Sterling Exchange Reserves

The persistent increase during 1974 in overseas countries' exchange reserves in sterling continued in the first quarter of 1975 but thereafter declined. Holdings of British Government stocks fluctuated throughout 1975 but declined overall by £15 million. Banking and money market liabilities held by central monetary institutions declined by £621 million, with a large decrease in the holdings of oil-exporting countries resulting partly from some countries' balance of payments needs. Other external banking and money market liabilities in sterling rose by £550 million.

Import and Export Credits

Preliminary estimates for 1975 as a whole (which may be subject to substantial revision) show an increase in net import credit of £88 million; though if the effects of advance and progress payments are excluded, net import credit received by British businesses increased by only £50 million in 1975 compared with increases of £115 million and £240 million in 1974 and 1973 respectively. There was an estimated net rise of £713 million in the amount of export credit extended in 1975, compared with rises of £453 million and £436 million in the preceding two years. Credit extended under the fixed rate interest scheme increased by £610 million compared with increases of £419 million in 1974 and £255 million in 1973; other export credit extended by British banks rose by £139 million in contrast with a small net repayment in 1974. Suppliers' net credit outstanding is estimated to have risen by £130 million in 1975 compared with rises of approximately £270 million in each of the two preceding years.

Other Short-term Flows

There was an estimated net inflow of about £410 million from other short-term flows compared with a net outflow of some £230 million in 1974. Miscellaneous commercial short-term transactions (which accounted for around three-quarters of the inflow) included disinvestment from overseas short-term assets by British investment trusts, unit trusts and insurance companies. Net repayments by overseas residents of their borrowing in sterling from British banks for purposes other than British export credit are estimated at around £90 million, whereas net overseas borrowing in 1974 had resulted in an outflow of £150 million.

Balancing Item

The balancing item was positive, at £1,020 million, representing timing and valuation differences between transactions and settlements – aggravated by fluctuating exchange rates – and errors and omissions including unidentified capital inflows; the main errors are thought most likely to occur in the accounts for investment and other capital flows. The provisional estimates are based on incomplete and preliminary information and may be subject to substantial revision.

OFFICIAL FINANCING

After public sector borrowing of £383 million in overseas currencies under the exchange cover scheme, there was a net currency outflow in the year of £1,092 million. This was met partly by the Government drawing the remainder of the $2,500 million loan facility and partly by drawing £669 million from the official reserves.

EXCHANGE RATES

The mean effective depreciation of sterling since the Smithsonian agreement in 1971 (see p 30, 1972), which had increased sharply at the end of 1974, remained fairly steady in the early part of 1975 but increased steadily thereafter to a figure of 30 per cent in December. The monthly average of the daily closing middle market rates was £1 = US$ 2.0227 in December 1975.

National Enterprise Board

The Government published on 1 March draft guidelines for the National Enterprise Board (NEB), set up under the Industry Act 1975 (see p 486, 1975). The Industrial Development Advisory Board and the NEB itself were consulted over the guidelines and consultations were also held with the Confederation of British Industry and the Trades Union Congress. The draft will be used as interim guidance for the NEB's operations until the final text is given formal effect by a directive under the Industry Act 1975. The guidelines, which may be revised from time to time, contain both specific requirements and general policies. They are intended to allow the NEB the fullest possible operating freedom.

The text of a memorandum of understanding between the board and Rolls-Royce (1971), covering the basis of their future relationship, was published by the NEB on 26 February.

The National Enterprise Board, in its role as holding company, acquired on 27 February the Government's major shareholdings in industry (*Hansard*, 8.3.76, written answers, cols 69-70). The shareholdings were those in British Leyland, Rolls-Royce (1971), Brown Boveri Kent, Dunford and Elliott, Ferranti, Alfred Herbert, and Cambridge Instruments.

DRAFT GUIDELINES

The NEB's major functions are to encourage industrial efficiency, promote employment and improve the balance of payments, with special regard to export opportunities. It is intended that the board should be free to respond quickly to opportunities and competition, but the companies in which it invests will not be given unfair competitive advantage. The guidelines set out a framework of arrangements for accountability to ministers and thus to Parliament, but emphasise that the Government will not use its powers of specific direction to intervene in day-to-day matters.

Government Oversight

The Government's oversight will be exercised so far as possible through long-term strategies. Discussions between the Government and the board each year will cover its long-term investment programme and annual operating plans, relating to existing NEB holdings, acquisitions and joint ventures, and assistance operations, and enable the level of borrowing requirements to be settled. Where acquisitions are concerned there are special arrangements for consultations, since an acquisition cannot be planned, except in the broadest outline, long in advance. The board has no special powers of compulsory acquisition. When it takes a holding in a company, it will normally seek to do so with the agreement of the company's board. If the directors of a company are unwilling, the NEB must obtain Government approval before acquiring a holding of more than 10 per cent. In general, the Industry Act 1975 requires Government approval for acquisitions in which the NEB would acquire 30 per cent, or more, of the voting rights of a company or the cost of share capital to be acquired exceeds £10 million. The Secretary of State proposes to give a statutory general authority under which NEB subsidiaries may acquire a holding of 30 per cent or more, provided the acquisition is not opposed by the company and the cost is not more than £0·5 million. Any transaction that could involve the board in a reference to the Monopolies and Mergers Commission must go first for consideration to the Director General of Fair Trading. Government agreement must be obtained when the NEB wishes to dispose of any voting shares worth more than £0·5 million.

The NEB may make loans and other financial commitments within a limit of £25 million for each project, but beyond that sum it must have Government approval. In lending to companies the board must charge a commercial rate of interest. When it is borrowing from the Government – either by way of advances from the National Loans Fund or Public Dividend Capital – it will be charged the current rate of interest for such loans. The limit for total annual borrowings will be agreed at the annual investment review. To provide the finance for day-to-day operations the NEB will be authorised to make overdraft arrangements with its bankers.

Objectives and Responsibilities

The NEB is to derive its main strength from the extension of public ownership into profitable manufacturing industry. It is expected to look for an

adequate rate of return in making an acquisition, either on its own account or with Government support. The board's purposes, however, are wider than those of commercial enterprises, one of them being to provide, maintain and safeguard productive employment, particularly in the assisted areas. Help to areas of high unemployment will come mainly as a result of the board's own initiatives. If on the other hand the NEB is directed by the Government to assist a company in financial difficulties, it will be reimbursed, and the operation will be accounted for separately. Profits earned by companies in which the board has holdings may be retained to finance further investment, if this is likely to earn an adequate return. The NEB and its companies will be subject to the normal industrial development certificate and planning controls and the Government will keep the board closely informed of its employment objectives. The various forms of Government assistance and incentives will be available to the NEB's subsidiaries, as they are to other companies.

The NEB will not have access to information about individual companies in which it has no shareholding supplied to the Government in confidence in the context of planning agreements (see p 487, 1975). Nevertheless, the NEB may, with the company's agreement, be invited to participate in discussions of particular issues: for example, on the possibility of participation in joint ventures.

Effective arrangements are to be developed by the NEB for consultation and collaboration with the Scottish and Welsh Development Agencies (see p 106, 1975) and the Northern Ireland Finance Corporation.[1] The agencies are to be consulted before the NEB takes action on proposals affecting companies with significant interests in Scotland, Wales or Northern Ireland.

Other functions of the NEB include the promotion of industrial democracy in companies it controls. It is also expected to ensure that the interests of consumers are taken adequately into account. The NEB and its subsidiaries are subject to the fair trading legislation and to any Government prices policy. The planning agreement system will apply to major NEB companies, but negotiations will take place within a framework agreed between the individual company and the NEB.

ROLLS-ROYCE (1971) AGREEMENT

The text of a memorandum defining the relationship between the NEB and Rolls-Royce (1971) was laid before Parliament on 26 February (*Hansard*, 1.3.76, cols 887-90). Except as provided in the memorandum, Rolls-Royce (1971) is expected to continue to operate so far as possible on a normal commercial basis like a company in the private sector and the NEB does not intend to intervene in its day-to-day management. The board, however, has certain responsibilities as the sole shareholder, a major potential provider of finance and as a public corporation with responsibilities under the Industry Act 1975 and the guidelines.

[1] An Order was approved on 1 April to establish a Northern Ireland Development Agency as successor to the corporation.

The NEB will have ultimate responsibility for the composition of the company's board and for approving its remuneration. Rolls-Royce's long-range and annual plans will be subject to agreement by the NEB and the company will be expected to supply information that will enable the NEB to monitor the performance and financial prospects of the company. Major investment programmes and projects involving capital expenditure of £5 million or more will require the board's approval. Acquisitions giving Rolls-Royce control of 30 per cent or more of a company's voting rights, or in which the value of the share capital acquired would exceed £10 million, also require NEB agreement (which will be subject to Government approval), as does the disposal of any holdings and the borrowing from any sources other than the NEB.

Rolls-Royce has agreed to bear in mind the needs of areas of high unemployment when drawing up plans for expansions or new undertakings and to involve its employees in decision-making. Settlements made by the company over terms of employment must be consistent with the financial situation and with the Government's inflation policy. The Government and the NEB are to be warned in advance by the company about any decisions which have major parliamentary implications.

On all major issues affecting strategy, plans and performance, the company will deal with the NEB. Rolls-Royce representatives will be present at major discussions between the NEB and the Government in order to explain the company's plans. It will be open to the Rolls-Royce chairman at any time to seek a meeting with a minister, provided that the chairman of the NEB is consulted beforehand. On short-term issues, the company will continue to deal direct with Government departments. It will deal with the Department of Industry in its role as sponsor department for the aero-engine industry and with the Ministry of Defence (Procurement Executive) on all matters for which it is responsible, as well as with the Foreign and Commonwealth Office and the Department of Employment on matters which fall within the scope of each.

The normal channel of communication on major issues will be between the chairmen of the NEB and of Rolls-Royce, supported by senior staff from both.

Nationalised Industries' Chairmen's Group

The chairmen of the major nationalised industries and public undertakings in Britain on 25 February formed a Nationalised Industries' Chairmen's Group. The group is intended to represent the views of the members on matters of both direct and general concern to nationalised industries and to provide a forum at which chairmen can exchange views. No statutory authority was required for the formation of the group, which will receive no financial contribution from the Government. The group formalises arrangements which have developed over the years, reflecting a need to provide a

collective view on a range of matters to the Government and to other bodies.

Membership consists of the chairmen of 21 corporations. The number may be expanded later. The first chairman is Sir William Ryland, chairman of the Post Office. The group is not intended to replace relationships with, or membership of, other bodies, such as the Confederation of British Industry, but to complement them.

Agriculture

COMMON AGRICULTURAL POLICY

Measures to reduce the European Community's surplus of milk products and the continuation of variable premiums on beef were among features of the agreement reached by the Council of Ministers of the Community at its meeting on 2 to 6 March. The Council was fixing the 1976-77 support prices of products covered by the Common Agricultural Policy (CAP).[1] These prices relate to the levels at which the Community support mechanisms operate; they do not necessarily imply similar changes in market or producer prices.

The British Minister of Agriculture, Fisheries and Food, Mr Frederick Peart, expressed considerable satisfaction with the decisions concerning beef (see below). Replying to criticisms of other points of the agreement in the House of Commons (*Hansard*, 8.3.76, cols 32-44), Mr Peart indicated that he saw the agreement as a whole as constituting a reasonable 'package'.

Milk Products

The target price for milk will be increased in two stages, giving an average increase for the year of about 6 per cent; the rise will be 4·5 per cent from the beginning of the marketing year and a further 3 per cent from 16 September. Because of the monetary changes (see p 171), the increases in the major producing countries will be lower. In the Community as a whole, the impact of the price increase will also be considerably offset by two other measures. First, the intervention price for skimmed milk powder will be set initially at 2 per cent below the level implied by the target price, and at a further 1 per cent below that level from 16 September. Secondly, the Council invited the Commission to submit to it proposals on the way in which milk producers can make a financial contribution to the restoration of a balance in the milk sector, and agreed to decide on this matter before 1 September. Mr Peart stated in the House of Commons (*Hansard*, 8.3.76, cols 28-32) that in discussing this matter with the other member countries he would insist on the 'absolute need' for measures which would deal adequately with the Community's structural surplus.

[1] Most of the prices fixed by the Council do not apply in full in Britain, where they are reduced to take account of transitional arrangements agreed at the time of Britain's accession to the Community (see p 309, 1971). In addition, Britain is still operating a system of guaranteed prices for milk, as well as for three products for which there are no support prices under the CAP, namely, sheep, wool and potatoes (see pp 171-2).

The amount of skimmed milk powder which the Community makes available for food aid in 1976 will be increased to 200,000 tonnes. The Community also intends to dispose of 400,000 tonnes of skimmed milk powder by means of a temporary scheme of compulsory incorporation in animal feed. Another temporary measure is the provision of aid for the private storage of certain other protein products, including soya beans.

The Community's contribution to the general butter subsidy (see p 135, 1974, and p 95, 1975) will no longer apply to butter of non-Community origin but the rate of contribution has been increased.

The exact increase in the price of butter and cheese will depend on a number of factors, particularly the extent to which market conditions will allow price and cost increases to be passed on to the consumer, and the level of subsidies. Speaking about prices in Britain, the Minister of State for Agriculture, Fisheries and Food, Mr Edward Bishop, said that the price of butter could rise by 8p to 9p a pound and cheese by 5p to 6p a pound by the end of the year if the new support prices were fully reflected at retail level (*Hansard*, 25.3.76, cols 603-4).

Beef

The Council decided that the premium system, introduced for the British market in 1975 (see p 95, 1975), should be continued. Commenting on this decision, Mr Peart said that he had achieved his major objective, to which the House of Commons had attached great importance. He pointed out that, when beef was plentiful, the British consumer would get it more cheaply than with a system of intervention only.

The Community's agricultural fund will bear 25 per cent of the amount of premiums granted between 1 September 1976 and the end of the 1976-77 marketing year.

In Britain, the target price for beef, which is used as the basis for calculating the variable premiums, will range from £25 a live cwt (hundredweight = 50·8 kg) in the early autumn of 1976 to £28 a live cwt between mid-February and mid-March 1977. The average will be £26·60 a live cwt, compared with £23·06 for the current year. Mr Peart pointed out that this system would enable farmers to plan their marketing in an orderly way to the benefit of the consumer.

The Commission intends to submit before 1 November a report on the respective merits of the intervention and premium systems. Mr Peart called this 'an important step towards the adoption of a premium system on a Community-wide basis'.

Cereals and Sugar

A new pattern of Community support for feed grain has been agreed. The target prices for wheat and maize will be increased by 9 per cent but the effective intervention level for feed wheat will be reduced by nearly 8 per cent below the 1975-76 basic intervention price. The intervention price for bread-making wheat will be only 4 per cent above the 1975-76 level but the British producers' intervention price will be substantially above the level of the 1975-76 guarantee which is being

Table 1

Agricultural Net Income, Net Product and Labour Productivity
(all commercially significant holdings)

June–May years

Year	Net income at current prices £ million		Net product at constant prices Index	Labour productivity Index
	Actual	3-year moving average	1968/69–1971/72 = 100	1968/69–1971/72 = 100
1971/72	684	720	110	115
1972/73	866	942	112	117
1973/74	1,275	1,135	117	125
1974/75	1,263 (1,267*)	1,298	119	132
1975/76 (forecast)	1,357 (1,383*)	..	102	120

*Adjusted to normal weather conditions.

Table 2

Gross Capital Formation

£ million

Year	Plant, machinery and vehicles	Buildings and works	Work-in-progress and stock (valuation changes)	Total
1971	152	133	157	443
1972	192	159	202	553
1973	231	209	364	805
1974	301	251	405	957
1975 (provisional)	415	239	356	1,010

Note: Discrepancies between totals and sums of individual items are due to rounding.

terminated at the end of July under the terms of the Treaty of Accession.

Support prices for sugar will be increased by 8 per cent but no increase in retail sugar prices in Britain is expected as a result of this settlement.

Wine

Among the other measures taken by the Council was the decision to initiate immediately a special distillation operation to clear the market of the current surpluses of wine. The Council also undertook to introduce the necessary measures to adapt wine-growing potential to market requirements.

The French delegation to the Council meeting stated that France's import tax on Italian wine (see p 389, 1975) would be abolished by 1 April.

Monetary Changes

The Council agreed to changes in the representative rates of the currencies of some member countries (see p 96, 1975) so that these rates should be more closely related to those ruling in the currency market. Monetary compensatory amounts (MCAs) were altered accordingly.[1] The British representative rate and MCAs were not changed.

[1] Further adjustments were made after France left the 'snake' (joint currency float of six of the Community's member countries) on 15 March.

BRITISH PRICES AND SUPPORT IN 1976-77

In his statement in the House of Commons Mr Peart announced the Government's decisions on guaranteed prices and grants following the Annual Review (see p 172). Mr Peart recalled that in the 1975 White Paper (*Food From Our Own Resources* – see pp 211-12, 1975) the Government had committed itself to the economic case for increasing Britain's agricultural production; the higher support prices and grants he was now announcing would help to achieve the White Paper's objectives.

Milk

The guaranteed price for milk will be more than 16 per cent higher than the revised guaranteed price for the current year. The new price is 9·46p a litre (43p a gallon) and the standard quantity to which the guarantee will apply is 13,865 million litres – slightly above the current amount. The higher support level for farmers will not result in any increase in the retail price of milk before the autumn.

Sheep Prices

The guaranteed price for sheep will be increased by 18 per cent to 42p a lb; from 3 January 1977 this will be expressed in metric terms as 92·6p a kg. The guaranteed price for wool will be increased by 23 per cent to 83·7p a kg.

Support for Hill Farmers

The hill sheep subsidy will be continued at the present level (see p 108, 1975). The hill cow subsidy will be increased by £4·50 a cow to £29 a cow, which is about the maximum level permitted by the Community's Less-Favoured Areas Directive (see p 96, 1975).

Potatoes

The guaranteed price for potatoes will be increased by 43 per cent to £40 a ton (£39·37 a tonne). Mr Peart pointed out that this substantial increase was justified as this had been an exceptional year for potatoes, with supplies severely cut back by the weather.

Calf and Beef Cow Subsidies

The Government has proposed that the calf and beef cow subsidies should be extended for a further period. The beef cow subsidy will continue to be paid in relation to cows which are on holdings on the qualifying date in 1977, and the calf subsidy on calves born up to the end of April 1977. These aids will no longer be available when British farmers are receiving the full benefit of Community support prices after the end of the transitional period (see p 309, 1971).

Capital Grants

It is proposed to increase certain rates of capital grant under the Farm and Horticulture Development Scheme and the Farm Capital Grant Scheme. The increases, which are estimated to amount to about £30 million in a full year, are directed to investment in the better use and conservation of grass and to economic milk production.

ANNUAL REVIEW

The White Paper *Annual Review of Agriculture 1976* (Cmnd 6392, HMSO, 85p, ISBN 0 10 163920 1) sets out the data established at the review on the economic conditions and prospects of Britain's agriculture. The review provided information both for the Government's position in negotiations on the Community support for 1976-77 and for decisions on national support arrangements.

Production and Income

The White Paper draws attention to the unfavourable weather in 1975-76, which had its biggest effect on arable production. In consequence, net product at constant prices is forecast to fall by about 14 per cent (see Table 1). However, price increases meant that the value of gross output at current prices rose, also by about 14 per cent; and, as a result, net income at current prices is expected to rise by about 7·5 per cent, despite increased costs.

Costs

Cost increases since the last review are assessed at £455 million. They include a £130 million rise in the cost of labour and a £122 million rise in machinery costs.

Investment

New investment in physical assets (gross capital formation) in 1975 (see Table 2) is estimated at £1,010 million. In volume terms new investment in plant, machinery and vehicles is expected to be about 7 per cent higher than in the previous year but new investment in buildings and works some 22 per cent lower. During 1975 the average physical level of stocks and work-in-progress is expected to be below that of 1974.

Public Expenditure

The estimated expenditure on the Government's price guarantees, grants and subsidies in 1975-76 is about £226 million – about £69 million lower than in the previous year. Expenditure in Britain under the Common Agricultural Policy of the European Community is estimated to rise by some £106 million to about £305 million; about £247 million is expected to be financed by Community funds.

International Energy Co-operation

IEA PROGRAMME

The International Energy Agency (IEA), which includes among its 18 participants[1] all the members of the European Community apart from France, has agreed on a policy under which, in the event of a fall in the world oil price, imported oil would not be sold in participating countries at less than $7 a barrel f.o.b., a so-called minimum safeguard price (MSP). This agreement forms part of the programme of long-term co-operation on energy which was agreed by the IEA's governing board on 30 January.

The programme is aimed at securing supplies of energy for its participants, reducing their dependence on imported oil, and achieving more stable conditions in the world oil market.

The current market price of oil is in excess of $11 a barrel and the MSP mechanism would therefore operate only if the price of imported oil fell substantially, to below $7 a barrel f.o.b. The MSP would not apply to oil traded among members of a customs union applying common measures to guarantee the MSP, nor oil produced in participating countries and traded among members of the same free trade area. Thus oil produced within the European Community or the European Free Trade Association (EFTA) will not be treated as imported oil when traded within these areas among the programme's participants. The MSP will also not apply to oil produced outside a participating country and imported under a special co-operative agreement endorsed by the IEA's governing board.

The purpose of the MSP, according to the programme, is 'to encourage and safeguard new

[1] Austria, Belgium, Canada, Denmark, Federal Republic of Germany, Irish Republic, Italy, Japan, Luxembourg, Netherlands, New Zealand, Spain, Sweden, Switzerland, Turkey, United States, United Kingdom. Norway is an associate member, and has yet to ratify the programme of long-term energy co-operation.

investment in the bulk of conventional alternative sources of energy'. Provision is made for the level at which it is fixed to be reviewed if necessary.

The objectives of the programme as a whole are being implemented through the co-ordination of national efforts and joint co-operative measures designed to:

promote the conservation of energy;

develop alternative sources of energy;

promote new energy technology;

and remove legislative obstacles to the realisation of the programme's objectives.

With regard to the conservation of energy, measures are to be concentrated in the first instance on eliminating waste and improving the efficiency of energy utilisation. Targets for the reduction in the rate of growth of energy consumption for the period 1980-85 are to be drawn up by 1 July 1976. Energy research, conducted both nationally and jointly, is to be planned according to an agreed strategy which will be drawn up before the end of 1976.

In addition to setting an MSP, the programme provides for other measures designed to stimulate production of new sources of energy. These include the establishment of a framework for co-operation between participants in selected energy projects. A first set of such projects is to be agreed by 1 January 1977.

COMMUNITY ENERGY POLICY

European Community energy ministers meeting in Brussels on 25 March failed to reach agreement on an MSP applicable to the Community as a whole. A proposal that an MSP of $7 a barrel f.o.b. should be adopted by all nine members of the Community was not endorsed by France; and other elements of the resolution in which this proposal was contained were unacceptable to Italy.

Community heads of Government agreed at their meeting in Rome in December 1975 (see pp 475-7, 1975) that 'appropriate mechanisms' should be set up as soon as possible in order 'to protect existing supplies and ensure the development of alternative sources of Community energy on reasonable economic terms, and to encourage conservation in the use of energy'. This was described at the time by the British Prime Minister, Mr Wilson, as 'particularly important' in view of Britain's status as a future major oil-producing country.

The issue of a Community MSP is expected to be considered once more at the next meeting of Community energy ministers, scheduled for 10 June.

A scheme for dealing on a Community basis with interruptions in supplies of oil also failed to secure the agreement of energy ministers. This would have involved the setting of targets for a reduction in primary energy consumption during emergencies and regulating intra-Community trade in crude oil and petroleum products.

The eight Community countries who are also members of the IEA are already bound by the terms of the International Energy Programme (see pp 434-5, 1974) to share available supplies of oil among its signatories during emergencies.

In a House of Commons debate on Community energy policy which preceded the Council of Ministers meeting, Mr John Smith, Minister of State at the Department of Energy, referred among other things to the proposed Community MSP and arrangements for Community solidarity during oil supply difficulties (*Hansard*, 16.3.76, cols 1197-205). He told MPs that 'it is a fact of life that the cost of producing oil in the North Sea and some other parts of the International Energy Agency area is higher than in traditional oil-producing countries. We need to protect it against a fall in price. We believe that $7 a barrel f.o.b. would be sufficient to cover the major North Sea fields recently under development; but the minimum selling price also protects other indigenous energy resources for which the production costs are higher, thus helping our indigenous gas and coal also'.

Mr Smith said that the figure of $7 a barrel plus freight and insurance charges would protect production at three-quarters of existing coal pits and new coal developments in Britain. 'But this production', he continued, 'can be achieved only if the MSP is maintained by an external levy which is in the EEC area, that is a Community measure. Hence we need a common external levy under Article 113 of the EEC Treaty. . . .'

Mr Smith also said that proposals for Community arrangements to deal with oil supply difficulties were needed 'essentially to bring the EEC into line with arrangements already agreed in the International Energy Agency and to avoid conflict with the provisions of the Treaty of Rome'.

The Water Industry

A consultative document[1] published on 18 March initiates the full review of the water industry in England and Wales promised by the Secretary of State for the Environment in June 1974 (at the time of the introduction of the Control of Pollution Bill, see p 282, 1974) and brought forward following an announcement by ministers in August 1975. The paper focuses on two major issues – the general structure of the industry and the charging policies it should follow. It also explains the relationship between the Government's proposals and the intention, announced in the White Paper on devolution (Cmnd 6348[2]; see p 467, 1975) that responsibility for water services in Wales will be devolved to the Welsh Assembly.

[1] *Review of the Water Industry in England and Wales.* A consultative document (Department of the Environment, Welsh Office, Ministry of Agriculture, Fisheries and Food). Copies available free from Department of the Environment (Room C6/16), 2 Marsham Street, London SW1P 3EB.

[2] *Our Changing Democracy: Devolution to Scotland and Wales.* HMSO, 95p. ISBN 0 10 163480 3.

National Water Authority

The Government proposes that the National Water Council, the Water Research Centre and the Central Water Planning Unit should be replaced by a new body, the National Water Authority, with wide powers and responsibilities, particularly in strategic planning, to ensure the best use of national resources. In the Government's view there is a strong case for the planning capability at national level to be substantially strengthened.

Integration of Water Companies

The Government also announces its proposal to integrate the 28 statutory water companies in England and Wales with the regional water authorities 'as soon as practicable'. The companies, now acting as agents for the water authorities, account for some 22 per cent of the total water supplied by the industry.

Charging

The document points out that there are wide variations throughout the country in charges for water services and the Government has concluded that it would be right to introduce a measure of equalisation. It proposes an interim scheme by which the costs each authority faces in financing its historic debts would be pooled and shared out on the basis of a common cost per unit of water supplied. The scheme will apply only to unmeasured (mainly domestic) water supply. The Government estimates that, had it been operating in the current year, such a scheme would have reduced the range of average household bills for water supply to one of 16 per cent above the national average to 14 per cent below (instead of 44 and 17 respectively at present). The main beneficiaries will be those areas where charges are at present well above average – mainly Wales and the areas of the South West and Anglian Water Authorities. The document emphasises the Government's view that the water industry should be self-sufficient and should operate without subsidy and that transfers of water and other services should be on a non-profit/no loss basis.

British Waterways Board

The Government considers there is a strong case in principle for merging the British Waterways Board with the new National Water Authority as a first step towards setting up a national navigation authority. Apart from the operational advantages, this would lead to the introduction of a uniform registration and charging system and a national navigation code, so that boats could pass all along the waterway system on a single licence and be subject to the same regulations from one part of the system to another.

Other Issues

Among other issues on which the Government invites views are: membership of the proposed National Water Authority, and of the regional water authorities; arrangements for the discharge of sewerage functions and for sewage disposal from properties not connected to main sewerage and the question of how such properties should be charged; and arrangements for requisitioning sewers.

The Research Councils

SECOND REPORT OF ADVISORY BOARD

'While we appreciate the present need for financial stringency, we have urged that as soon as the strength of the national economy permits, steps should be taken to secure the steady growth of the scientific base supported from the Science Budget.[1] In the long term, its strength is essential to the economic well-being of the United Kingdom, which depends to a large extent on the application of scientific and technological skills.' These words, addressed by the chairman of the Advisory Board for the Research Councils, Sir Frederick Stewart, in his letter submitting to the Secretary of State for Education and Science, Mr Frederick Mulley, the board's second report,[2] summarise the position in which the board at present finds itself. (For first report see p 286, 1974.)

As well as dealing with the problem of a reduction of the Science Budget in real terms during the two years 1974 and 1975 for the first time since this budget was established in 1965, the board continued to maintain a watching brief over the development of customer-contractor relationships between the research councils and Government departments following the policy outlined in the 1972 White Paper, *Framework for Government Research and Development* (Cmnd 5046 : see p 342, 1972).

Reduced Science Budget

The effect of the cuts in public expenditure in December 1973, says the report, was to reduce the Science Budget for 1974-75 by £4·7 million and the funds transferred to departments under the customer-contractor principle (see p 286, 1974) by £1·8 million. The total cut of £6·5 million represented a fall in real terms of 2·1 per cent compared with the preceding year and a fall of 4 per cent compared with the total expected for 1974-75. Most of it was applied to capital schemes and the only research council to maintain positive growth in 1974-75 was the Social Science Research Council.

As a result of its Forward Look Reviews[3] in 1974 and 1975, the keynote of the board's policy was the redeployment away from 'big science' (high-energy physics and astronomy, space and radio sciences) to protect prospects for work in other natural sciences and social sciences, especially that financed by the Science Research Council's science and engineering boards.

In contrast to the two preceding years the Science Budget for 1976-77 shows a 2·5 per cent increase

[1] The term 'Science Budget' refers to that part of Government funds in supporting science devoted to the research councils, the Natural History Museum and the grant-in-aid to the Royal Society channelled through the Department of Education and Science.

[2] *Second Report of the Advisory Board for the Research Councils, 1974-1975.* Cmnd 6430. HMSO, 50p. ISBN 0 10 164300 4.

[3] The Forward Look Review is a long-standing feature of science planning.

Distribution of the Science Budget 1975/76 and 1976/77

	1975/76*		1976/77 Provisional	
	£ million	Percentage of total	£ million	Percentage of total
Agricultural Research Council	13·171	7·7	18·329	8·5
Medical Research Council	29·022	16·9	37·357	17·4
Natural Environment Research Council	19·252	11·2	26·047	12·1
Science Research Council	96·713	56·4	117·186	54·2
Social Science Research Council	8·749	5·1	11·184	5·2
Natural History Museum	2·873	1·7	3·866	1·7
Science: Grants and Services Vote†	1·733	1·0	1·980	0·9
Total	171·513	100·0	215·949	100·0

*Funds transferred to departments according to *Framework for Government Research and Development* (see p. 342, 1972) have not been included.
†Comprising grant-in-aid to the Royal Society.

compared with the previous year (see table). This was a temporary departure from the trend towards nil growth in the budget and led to no modification of the board's policy. It did, however, distribute the increase in such a way as to reinforce the redeployment policy it had adopted. Substantial help (£2 million) was provided to the Natural Environment Research Council to enable it to regroup the headquarters of the Institute for Geological Sciences and a smaller sum (£0·5 million) to the Agricultural Research Council for the purchase of a new computer for Rothamsted Experimental Station. The Natural History Museum was able to replace some of its obsolete equipment.

Customer-Contractor Relationships

The report says that a fair start has been made towards realising the aims of the 1972 White Paper without the damaging consequences at one time feared for the research council system. For the future much depends on better definition of Government's research and development needs so that the research councils can initiate and plan their own programmes of research in anticipation of needs and deploy their manpower to greatest benefit. Responsibility for this rests with departments which depend heavily on the advice of their Chief Scientist organisations. Much of the work of defining projects, however, falls on the contractors themselves. There have been some small-scale redirections of research council efforts and benefits in greater contact between scientists in departments and outside them; but also problems of continuity of research commissions and of staff time in operating the new commissions procedures.

Concorde

MINISTERIAL MEETING

The following joint press communiqué was issued after the ministerial meeting in Paris on 29 March to discuss the *Concorde* project:

M. Marcel Cavaillé, the French Secretary of State for Transportation, Mr Gerald Kaufman, Minister of State in the Department of Industry, and Mr Stanley Clinton Davis, Parliamentary Under-Secretary of State in the Department of Trade, met on 29 March 1976 in Paris to review the progress of the Concorde *project.*

The ministers noted with satisfaction that significant progress had been made since the last ministerial meeting on 25 March 1975 in accordance with the agreements then made. The aircraft was certificated before the end of 1975 and entered service satisfactorily at the beginning of 1976 (see pp 81-2).

Given the heavy investments made by both countries in the Concorde *programme, they will support all the efforts being made to accelerate the opening of all routes capable of being operated by* Concorde.

The ministers discussed the need to maintain the production facility in the best possible condition faced with the uncertain short-term commercial situation.

Desirous of preserving the technological advance of the two countries, the ministers asked that officials should examine, within two months, the way in which studies should be carried out on the future of supersonic transport.

The ministers agreed to meet again in the coming months to discuss collaboration on subsonic as well as supersonic civil aircraft.

The Department of Industry has stated that the authorisation for the ordering of spare parts for unsold aircraft, agreed by the ministers, would help the manufacturers to find buyers for aircraft and engines already under construction.

SERVICES TO THE UNITED STATES

The Secretary of State for Trade, Mr Peter Shore, noted in the House of Commons on 17 March (*Hansard*, written answers, cols 547-8) the joint statement on that day by British Airways and Air France concerning the start of *Concorde* services

to the United States. Mr Shore said that the airlines had announced their intention to inaugurate commercial flights to Washington (Dulles) airport simultaneously on 24 May. In the Government's view this would secure the earliest possible introduction of commercial services to the United States in a manner consistent with the decision of the United States Secretary of Transportation (see p 82).

The airlines had also announced that they were seeking a judgment in the federal courts on their legal right to operate *Concorde* into New York (John F. Kennedy) airport which had not been accepted by the Port Authority of New York and New Jersey. They had taken this action to resolve this matter quickly and their views were in accord with those of the British and French Governments.

SOCIAL AND CULTURAL AFFAIRS

Health and Social Services

Among recent developments in health and social services are the publication of a consultative document on expenditure priorities, a paper designed to promote discussion on preventive medicine, and a historical survey of the school health service.

EXPENDITURE PLANS FOR 1976-80

The Government's priorities in health and social services expenditure in England in the next four years are outlined in a consultative document[1] published in March. They are set out against a background of cuts in the growth of public expenditure published in February (see pp 110-13).

There is to be limited growth, with priority being given to primary health care and services for old and disabled people, mentally ill and mentally handicapped people, children and families. The main approach is to 'put people before buildings' by cutting capital expenditure to make room for small increases in current expenditure. In 1976-77 there is to be no cut in planned expenditure, so enabling current expenditure on health to increase by 2·6 per cent and that on personal social services by 4 per cent. In the three subsequent years average annual rates of growth in current expenditure will be reduced to 1·8 per cent and 2 per cent respectively. These growth rates are much lower than in the past few years. In addition there will be a potential extra growth of 0·5 per cent a year for projects financed jointly by health and local social services authorities to take account of overlapping responsibilities (see p 179).

Primary Health Care

The consultative document says that emphasis should be given to encouraging the development of primary health teams of family doctors, dentists, ophthalmic practitioners, home nurses and health visitors. A relatively large health centre capital building programme is being continued in order to improve these services, particularly in areas with inadequate accommodation; since 1969 over 450 health centres have been opened, compared with 124 between 1948 and 1969.

A growth of 6 per cent a year in expenditure is planned for the services provided by home nurses and health visitors working with family doctors. It is expected that there will also be a rise in the number of family doctors, and increased vocational training for entrants to general practice is planned. It is forecast that the cost of general medical practice will grow by 3 per cent a year. An increase of 2 per cent a year is estimated in the net cost of the general dental service and 3 per cent a year in the net cost of the general ophthalmic services.

Expenditure on drug prescriptions and pharmaceutical products, the largest block of primary care expenditure, has been growing at 5 per cent a year, a rise forecast to continue up to 1979-80. The Government is concerned to secure good value for money, and proposals have been put to the professions about costs and methods of promotion and the means of improving information given to prescribers. Doctors are urged to avoid over-lavish prescribing of drugs.

Prevention

An increased emphasis is to be placed on preventive medicine, and the estimates make provision for expenditure on family planning, continued vaccination and immunisation, fluoridation of water supplies to combat dental decay, and health education. The document says that these cover only a small part of preventive effort, and draws attention to the Government's consultative document dealing with prevention as a whole (see p 179). The planned growth in primary care will enable more resources to be devoted to prevention.

General and Maternity Hospital Services

The level of growth envisaged for general hospital services and those for acute cases (1·2 per cent a year) is considerably less than they have had in the past few years and will not meet all the pressures on the health service. The document suggests that there should be a critical scrutiny of resources to release funds for further development of the services for the treatment of acute illnesses and to allow for increased provision for elderly people and the treatment of mental illness.

An important aim of the proposed strategy is to identify areas and specialities which have more beds than are needed to provide an efficient service. Some such units could be closed and their functions changed to treat patients less expensively or provide more services for the elderly or mentally ill. Funds could also be saved if the average length of stay in hospital could be similar throughout the country (at present the average length of stay varies in different areas from about seven to about

1 *Priorities for Health and Personal Social Services in England*. HMSO, £1·60. ISBN 0 11 320654 2.

15 days). The Government's proposals to phase out private pay beds from National Health Service hospitals (see pp 40-1) will also release accommodation mainly for the use of elderly patients.

The document argues for a stringent review of the maternity service, the cost of which has increased despite a sharp drop in the birthrate; it suggests that expenditure should be reduced by about 7 per cent over the period up to 1979-80.

Capital expenditure on buildings is being levelled out at £250 million a year. It will allow for a modest number of high priority major hospital schemes to go ahead in addition to improvements in existing buildings. The document stresses the need to concentrate on low-cost projects. In areas where gaps in the service are so large that a completely new building is required, it suggests the 'nucleus hospital' as a solution. This is a small hospital of about 300 beds which will be capable of expansion later to an institution of 600-900 beds. A design for the nucleus hospital is being developed by the Department of Health and Social Security.

Care of the Elderly

There are more than 6·5 million people aged 65 or over in England, and the number has increased by more than 25 per cent since 1961. The first aim of the health and social services is to help them maintain their independence in their own homes for as long as possible. It is planned to expand home nursing by 6 per cent a year, chiropody by 3 per cent, and home helps and meal delivery services by 2 per cent. In addition 600 extra places in day centres a year will be provided (to be shared with younger disabled people). For those needing residential care the target is 2,000 extra places a year, and for those needing hospital care an extra 1,150 beds a year in general hospitals plus extra beds in smaller community hospitals to replace beds in unsuitable long-stay hospitals.

Physically Disabled People

The document recommends a high rate of expansion (9 per cent a year) for home aids and adaptations and other services which contribute to the mobility and quality of life of physically handicapped people. It also suggests that more places should be provided in local authority day centres. Priority in the reduced capital building programme would be given to the provision of more special units for younger disabled people to ensure that they receive care suitable to their needs. In addition other hospital services will be maintained at a satisfactory level – for instance, units for the treatment of spinal injuries, paraplegia and tetraplegia, and the out-patient services for people with sight or hearing impairment.

Mentally Handicapped People

The long-term aims of the services remain the same as those proposed in the 1971 White Paper, *Better Services for the Mentally Handicapped* (see pp 352-3, 1971). A priority for the next four years is to maintain the target growth of local authority training centres and residential homes. This would involve an annual growth of 2,400 places in training centres and of 1,000 places in residential homes. Staffing ratios and facilities in hospitals need improvement, and it is proposed that current expenditure should be increased by 1·6 per cent a year.

Mentally Ill People

The Government's long-term strategy was set out in 1975 in the White Paper, *Better Services for the Mentally Ill* (see pp 450-1, 1975). Suggested priorities for the next four years include the continued development of community care (an annual increase of 1,200 places in day centres and 350 in residential accommodation), progress towards a district-based psychiatric health service, improved staffing ratios and conditions in hospitals, the provision of adequate secure accommodation in each region, and the development of health and social services for alcoholics and drug misusers.

Services for Children

The health needs of children are expert care during birth and the first weeks of life, primary care, screening programmes in the early years to detect possible handicaps and family doctor and hospital specialist care for the sick child. The consultative document says that priority should be given to the improvement of special care for low birthweight and sick newborn babies in order to reduce the incidence of neonatal mortality and of chronic handicap. In addition an annual increase in expenditure of 6 per cent in health visiting is recommended to allow for improvements in monitoring child health and welfare and support to mothers; this is a faster rate of growth than in the past.

The objective of personal social services for children is to help families provide a satisfactory home for their children and to enable children to stay with their families, except where this is against the children's interests. Where children live in unsatisfactory homes, the main interest at present is to develop forms of assistance which minimise the need to take them away from the family.

The local authority social services include residential care, fostering, adoption, support in the home and care for pre-school children. The document says that expansion in day care services, especially for children under five, should continue at a reduced rate and that there should be experiments with informal and less expensive day care to enable the most urgent needs to be met more quickly. It also recommends a co-ordination of all local authority services for pre-school children.

Another priority task is the continued development of services for children in trouble, notably an annual increase of 500 places a year in special community homes (including secure accommodation) for children on remand and for those requiring long-term control and treatment. The document also deals with non-institutional means of helping children at risk or in trouble – for example, supervision by the local authority. It says that the quality of supervision for children should be improved and and that high priority is being given to developing intermediate treatment (approved activities under the direction of the supervisor or at short residential courses).

Finally, the document argues that, because of shortages of trained staff, more use should be made of voluntary workers and organisations (such as

play-groups and mothers' groups), foster parents, child-minders, and aunts and grandmothers (who probably meet a great part of the nation's need for day and foster care).

JOINT PLANNING ARRANGEMENTS

Proposals for joint planning and finance by area health authorities and local social services authorities in England were announced in the House of Commons on 2 April by Mrs Barbara Castle, Secretary of State for Social Services (*Hansard*, written answers, cols 606-7). The services provided by both authorities have a considerable impact on each other and there is a statutory requirement on them to co-operate in the exercise of their functions.

Mrs Castle said that the Government regarded joint planning arrangements as crucial to the development of community services for elderly, physically disabled, mentally ill and mentally handicapped people. In a consultative circular[1] issued to the authorities, the Government was asking them to take immediate steps to introduce joint planning arrangements which would stimulate progress towards the Government's long-term aim of reducing dependence on hospitals and other institutions in favour of care and support in the community. The Secretary of State also outlined the importance of joint finance, and said that the Government would make available for this purpose £8 million in 1976-77 rising to £27 million in 1979-80.

PREVENTIVE MEDICINE

The successes of preventive medicine and the health problems of today are discussed in a Government paper[2] published in March. The paper aims to stimulate discussion and comment and it will be followed in the next few years by a series of more detailed papers on specific aspects of prevention.

Success Stories

In the past 100 years improved health measures, better housing and nutrition, and other factors have reduced deaths from tuberculosis, typhoid, diphtheria, scarlet fever, whooping cough, and measles by 99 per cent. Preventive action has played a major role in these successes. The elimination of cholera and other water-borne diseases resulted from vastly improved sanitation and a clean water supply. The fight against diphtheria was greatly helped by active immunisation introduced after 1940; between 1935 and 1942, for instance, there was an average of 50,000 diphtheria cases a year in England, Scotland and Wales, but in 1972-74 only seven cases were notified. Mortality in tuberculosis has fallen rapidly since the introduction of mass radiography, new drugs and vaccination; so successful has the programme been that the use of mass radiography has been almost discontinued over the past ten years or so. Another victory for preventive medicine is mass vaccination against poliomyelitis; only 22 cases (without any deaths) were recorded in the United Kingdom in the three years 1972-74 compared with 11,500 cases (and 845 deaths) in 1952-54.

Present Health Problems

The main causes of death in Britain today are heart disease, cancer and strokes – which account for two-thirds of all mortality in England and Wales. Accidents and bronchitis also cause many deaths. Some of the most difficult health problems occur as a result of human behaviour such as cigarette smoking, excessive drinking and drug taking. Another problem is lack of exercise caused by a combination of factors such as widespread car ownership, labour-saving devices, and the fact that the average adult spends a considerable part of his spare time watching television. Health hazards also arise from the use of many new chemicals (in industry or the home) with the possibility that any one of them may prove harmful in the long term.

Preventive Action

Cigarette smoking is picked out as a major cause of certain diseases such as lung cancer, and attention is drawn to recent Government action designed to discourage smoking (see p 87). Smoking, along with obesity, lack of exercise, high blood pressure or high blood levels, is a contributory factor to coronary disease which causes 43 per cent of all deaths among men aged 45 to 64. Suggested remedies are regular exercise and a reduction in consumption of animal fat and sugar. The paper says that people living in hard water areas tend to have less heart disease than others, and it therefore urges water authorities to think carefully before reducing the hardness of supplies.

Dental decay is a major health problem, and the paper supports the idea of fluoridation of water supplies. It says that 8·6 per cent of the population receive such supplies, and that sample surveys have shown that 34 per cent of children aged 8-10 living in areas with fluoridated water were free of dental decay compared with 15 per cent before fluoridation.

Prevention can also play a large part in mitigating the results of road accidents which kill 7,200 people a year in the United Kingdom. The paper estimates that up to 14,000 serious and fatal injuries would be averted if all car drivers and front seat passengers wore seat belts. It says that immediate and substantial benefits would follow if the wearing of seat belts were made compulsory as in some other countries. Legislation providing for the compulsory wearing of seat belts is at present before Parliament (see pp 121-2).

The paper suggests that preventive action can reduce the number of mentally handicapped children; practical measures include vaccination against measles and rubella, genetic counselling, family planning and skilled midwifery. Mental illness (for example, depression) can be reduced by the provision of counselling services to help with family and other problems.

Screening

The paper considers the question of screening (look-

[1] Obtainable from Department of Health and Social Security, Alexander Fleming House, Elephant and Castle, London SE1 6BY.

[2] *Prevention and Health: Everybody's Business.* A consultative document prepared jointly by the Health Departments of Great Britain and Northern Ireland. HMSO, 50p. ISBN 0 11 320188 5.

ing for disease in apparently healthy people) and concludes that it is justified only when the disease can be treated and where early detection makes successful treatment more likely. It needs to involve little risk, to be acceptable to the public and to be reasonable in cost. Screening has been used for tuberculosis, hypertension, diabetes, cancer of the bladder, stomach and lung, glaucoma and mental illness, but with differing results. Tests are also carried out on pregnant women in order to discover foetal abnormalities which may call for an abortion.

Costs of Prevention

The paper draws attention to the fact that the progress in medical science has resulted in expensive new techniques which create a gap between what is technically possible and the availability of resources, particularly at a time of economic constraint. Although prevention may be better than cure, it may not be cheaper and may be purchased at the expense of other health services. Nevertheless there are clear examples of cost saving, notably immunisation against poliomyelitis (12 times its cost saved in 20 years), fluoridation of water supplies which could cut dental decay by 50 per cent and enable resources to be transferred to other services, and the wearing of car seat belts which could save £50 million a year by reducing road deaths and serious injuries. The paper argues that health authorities have a special responsibility for developing preventive services and that resources have to be used as effectively as possible.

Action by the Individual

A recurring theme of the paper is the fact that much prevention depends upon the life style of the individual (for example, cigarette smoking and excessive drinking) and his or her willingness to take action to avoid obvious health hazards by ensuring, for instance, that children are vaccinated against poliomyelitis and other serious diseases.

SCHOOL HEALTH SERVICE 1908-1974

The growth and achievements of the school health service in England and Wales are described in the final report of the Chief Medical Officer of the Department of Education and Science.[1] Responsibility for the service (previously exercised by local education authorities and the Department of Education and Science) passed to the reorganised National Health Service on 1 April 1974.

The report contains statistics about clinics and the decline in the incidence of infectious diseases which show the progress made since the start of the service in 1908. In 1910, for instance, there were only about 30 school health clinics but the number rose to 692 by 1919 and 2,853 by 1972. The incidence of infectious diseases among school children showed a dramatic change for the better. For example, the number of school children who died of tuberculosis fell from 3,000 in 1908 to 4 in 1971. Similarly between 1938 and 1971 deaths from diphtheria decreased from 3,000 to 1, and those from osteomyelitis declined from 150 to 1. The introduction of vaccination for poliomyelitis reduced child deaths from 168 in 1947 to 2 in 1971.

A major preoccupation of the school health service has been the education of physically and mentally handicapped children. The report gives a detailed history of the development of these health and education services. By 1974 over 150,000 handicapped children were being taught in special schools, special classes in ordinary schools, hospitals, their own homes or independent schools. In addition there were a large number of handicapped children in the regular classes of ordinary schools as it has been Government policy since 1954 not to send to special schools those handicapped children who can be educated satisfactorily at ordinary schools.

The report also devotes a chapter to the school dental service, and there is a statistical section giving 1973 figures on staffing, medical and dental inspections of pupils, and medical treatment of disabled children.

CHILDREN UNDER FIVE

A Government circular,[1] issued to local authorities in England in March, emphasises the need to ensure the co-ordination of statutory and voluntary services for children under the age of five years. The aim is to encourage the best possible use of limited resources.

The circular points out that central Government is improving its co-ordination of provision for the under-fives through an interdepartmental consultative group which meets quarterly and is attended by officials from the Department of Health and Social Security, the Department of Education and Science and other interested departments.

Practical arrangements for provision are made mainly by the local authority social services and education departments, although housing departments, health authorities and voluntary bodies are also closely involved. The circular therefore asks local authorities which have no co-ordinating machinery to take action, and invites the others to ensure that their arrangements work effectively and economically.

INVALID CARE ALLOWANCE

The first payment of invalid care allowance – the new non-contributory social security benefit for people unable to work because they are caring for a severely disabled relative – is to be made on 5 July 1976. The benefit will be at the rate of £7·90 a week and the disabled relative must be receiving an attendance allowance or the constant attendance allowance which is payable under the industrial injuries and war pensions schemes. Men and single women will be eligible for the care allowance but it will not be generally applicable to married women, many of whom are already at home and caring for their families. People qualifying for the allowance will be credited with national insurance contributions to help maintain entitlement to retirement pension and other national insurance benefits.

[1] *The School Health Service 1908-1974*. HMSO, £1. ISBN 0 11 270409 3.

[1] Obtainable from Department of Health and Social Security.

ERADICATION OF SMALLPOX

Britain is making a further contribution, £150,000, towards the World Health Organisation smallpox eradication programme. Previous British contributions towards the campaign totalled £75,000 in 1974 and £150,000 in 1975.

As a result of the programme the disease was eradicated in South America in 1973, in Indonesia in 1974 and in the Indian sub-continent in 1975. The remote Highland region of Ethiopia is the only part of the world where the disease remains. The World Health Organisation is using helicopters to search the region for smallpox victims. Surveillance activities will continue in Africa and Asia until the end of 1977 to ensure that there is a generous safety margin before these continents are declared free of the disease.

Bail Procedures

Changes in the system of bail in England and Wales are proposed in the Bail Bill which received a second reading in the House of Lords on 22 March (*Hansard, HL*, cols 500-29). They are designed to reduce the number of people remanded in custody to a minimum compatible with the interests of justice, thereby cutting prison costs and relieving some of the pressure on prisons resulting from the increased rate in serious crime.

Background

The Bill gives effect to some of the main recommendations contained in the report of a Home Office Working Party on Bail Procedures in Magistrates' Courts (see pp 152-3, 1974). Other recommendations, which could be implemented without legislation, were in October 1975 commended to magistrates, chief constables and probation committees in an (unpublished) Home Office circular. The recommendations were largely directed towards improving the information on which decisions about the grant of bail are based. In particular, courts were asked to consider the introduction, within existing resources, of schemes to provide information about the community ties of defendants at risk of being remanded in custody.[1]

Proposed Changes

The central proposal in the Bill is the creation of a statutory presumption in favour of the grant of bail to unconvicted defendants. The effect of this would be that, where a person appeared before a court on a criminal charge and a remand was necessary, the court (whether or not the defendant applied for bail) would be required to remand him on bail unless satisfied that, if released on bail, he would be likely to abscond, commit offences or otherwise interfere with the course of justice.

With certain adaptations, the Bill would apply to criminal proceedings against children and young people. In dealing with a juvenile, courts would be specifically empowered, when applying the presumption in favour of bail, to commit him to the care of a local authority if his welfare required it. The Bill would enable the parent or guardian of a juvenile to stand as surety for a sum of up to £50, and would require him, if he consented, to ensure that the juvenile complied with the conditions attached to the grant of bail.

The Bill creates a new criminal offence of absconding while on bail. This would replace the present system of personal recognisances under which the sanction is that the defendant is liable to forfeit a sum of money if he fails to appear at the time and place appointed. The new offence would carry a maximum penalty of three months' imprisonment and a £400 fine on summary conviction and 12 months' imprisonment and an unlimited fine if dealt with in the higher courts.

When a court withheld bail or imposed or varied any conditions of bail, it would be required to give its reasons for doing so. The reasons would be recorded and would be available to the defendant (so that, if he wished to make a further application for bail or for variation of the conditions of bail, he would know what objections he had to meet).

Proposing certain changes in the surety system, the Bill sets out matters which should be taken into account in determining the suitability of a potential surety (instead of, as at present, leaving this to be determined on the basis of case law). Factors which may be considered include the person's financial resources, character and proximity to the defendant (in kinship, place of residence or otherwise).

There would be a specific statutory offence of agreeing to indemnify sureties in criminal proceedings (there is already a common law offence of conspiracy to indemnify a surety). The Government agrees with the Working Party that the development of a 'bail bond' system should be avoided.[1]

The Bill provides for the grant of legal aid for bail purposes to an unrepresented defendant who is brought before a magistrates' court having been previously remanded in custody while unrepresented.

[1] Pilot schemes, drawing on the experience of the Manhattan Bail Project of the VERA Institute of Justice in New York, have already been started in three London courts.

The Duke of Edinburgh's Award Scheme

The Duke of Edinburgh's Award Scheme celebrates its twentieth anniversary this year.[2] To mark the occasion, the Duke of Edinburgh, who is Patron and Chairman of the Trustees, held a press conference at Buckingham Palace on 24 February, when he spoke about the development of the scheme over two decades, discussed its public image and answered questions.

[1] In the United States, where a person granted bail is normally required to produce the money in cash, a person who cannot raise the money himself has to seek the assistance of professional 'bail bondsmen', who will lend the money for this purpose at high rates of interest, their decision being governed by a commercial assessment of the risk involved in each particular case. The Working Party found no support for such an innovation in Britain.

[2] See *The Duke of Edinburgh's Award Scheme*. COI, SN6002/76.

Origin and Development

It was announced from Buckingham Palace in February 1956 that, following wide-ranging discussions with youth and other organisations, the Duke of Edinburgh had decided to launch an award scheme which would offer to boys between the ages of 15 and 18 a challenging programme of purposeful leisure activities. A comparable scheme for girls was launched two years later, and in 1969 the two schemes were merged. At first confined to Britain, the scheme has, since the early 1960s, spread to more than 40 overseas countries, mainly in the Commonwealth. (In some of these it goes under a different name – for example, the President's Award in Kenya and the Head of State Award in Ghana – but the organisation is on similar lines.) The age-range of participants has also been extended and it is now open to all young people between the ages of 14 and 25.

Since it was inaugurated, 1 million young people in Britain and 175,000 in other countries have participated in the award scheme. There are currently some 200,000 participants. By the end of 1976 it is expected that over half a million awards will have been gained.

Aims and Activities

The scheme aims to encourage the best use of leisure and to help young people grow into balanced men and women equipped to accept the responsibilities of both home and community. It is designed to give opportunities for personal achievement, community and social involvement, adventure and widening of leisure interests. Not itself an organisation or 'movement', it is meant to complement and reinforce the work of youth organisations, but its programme is open equally to young people who wish to participate on their own, and special emphasis is placed on attracting the boy or girl who may have no other group affiliation. In Britain about half the present participants come from schools, a quarter from voluntary organisations, and a quarter come from industry or are taking part as individuals. In other countries the proportion coming from schools is rather higher.

There are three grades of award: the bronze (minimum age 14), silver (minimum age 15) and gold (minimum age 16). To qualify, an entrant must reach a prescribed standard in four out of five sections: service, expeditions, interests, design for living and physical activity. In each section there is a wide choice of subjects and young people are encouraged to choose activities relevant both to their own needs and to the needs of the community.

Organisation

The scheme has a small headquarters staff based at the Award Office in London and there are Award Offices in Scotland, Wales, Northern Ireland and the regions of England. At the local level, over 460 operating authorities in Britain, authorised by headquarters, are responsible for general administration in their areas and for ensuring the maintenance of standards of awards. These authorities include local authorities, voluntary youth organisations, other national organisations and employers.

The Award Office in London has a department which services the needs of bodies responsible for operating the scheme in overseas countries.

Voluntary co-operation from adults is crucial to the effectiveness of the scheme. They serve on local award committees and specialist panels and act as leaders, instructors and assessors. It has been estimated that in Britain nearly 6 million hours are given to the scheme each year in direct help by 22,000 adults, while many more are involved indirectly. Leaders' training courses are run regularly by most national award authorities, and gold award holders are themselves playing an increasing part in the administration of the scheme at all levels.

Evaluation of Scheme

During 1975 an independent evaluation of the scheme in Britain was undertaken by Dr Alcon Copisarow, a director of McKinsey's Inc, management consultants. The results were published in a report, *A Study of the Duke of Edinburgh's Award Scheme*,[1] made available at the press conference in February. An analysis of the information obtained from interviews and questionnaires led Dr Copisarow to the conclusion that the scheme's overriding image is one of challenge, nearly three-quarters of all participants having been attracted by this aspect. His findings throw light on some common misconceptions regarding the scheme: for example, that participants tend to have higher than average academic qualifications, that they are club-oriented people who use the scheme as a symbol of their ambitions, and that they are interested mainly in physical outdoor activities.

The real picture, in Dr Copisarow's view, is more complex. The level and number of examinations taken by participants in the scheme is not significantly above average, and there is no relationship between academic achievement and awards gained. The scheme has successfully reached large numbers of young people who do not belong to any club or similar organisation; and it has introduced 80 per cent of current participants to new activities and interests.

Looking to the future, he advocates that emphasis should be placed on continuing participation by young people after school-leaving age and on recruiting new entrants among young working people. To do this, the scheme must broaden its organisation and facilities and must adjust its publicity so as to stress the variety of challenges. He considers that the critical resource is adult helpers. 'Adults should be assured that time, money and expertise are not essential, but that if they are eager to help young people mature, this is their opportunity.' The scheme should be publicised 'as it really is – a rewarding experience for young people and adults of all types'.

Duke of Edinburgh's Continuing Role

The Duke of Edinburgh plays an active part, not only as chairman and patron, but also through personal visits to award centres in Britain and overseas. He regularly makes presentations of gold awards. The press conference on 24 February underlined his close and continuing concern with the scheme and its future.

[1] Obtainable from The Duke of Edinburgh's Award Scheme, 5 Prince of Wales Terrace, London W8 5PG.

Race Relations Bill

The promotion of equal opportunity, accompanied by cultural diversity in an atmosphere of mutual tolerance, was described as the central objective of Government policy for race relations by the Home Secretary, Mr Roy Jenkins, introducing the second reading of the Race Relations Bill in the House of Commons on 4 March (*Hansard*, cols 1547-670). The Bill gives effect to the measures contained in the White Paper, *Racial Discrimination*, published in September 1975 (see pp 415-19, 1975), and will substantially harmonise the legislation for dealing with sex and race discrimination.

Mr Jenkins said that the character of Britain's coloured population had altered dramatically since the introduction of the first Race Relations Bill in 1965 when less than one-quarter of the coloured population was born in Britain and a substantial number were fairly recent arrivals. By contrast, today about two-fifths of the coloured population had been born in Britain, and the time was not far off when the majority would be British-born.

Government Policy

The first principle upon which the Government's policy was based, said Mr Jenkins, was the recognition that the vast majority of the coloured population would remain permanently in Britain, and that an increasing proportion of that population belonged to Britain in the fullest sense of being born and educated in the country as fellow citizens.

The second principle was that members of Britain's racial minorites were entitled to full and equal treatment regardless of their colour, race or national origins. Racial discrimination and the disadvantages experienced by sections of the community were morally repugnant to a civilised and democratic society, and were also a form of economic and social waste. They were a source of individual injustices for which there should be effective legal remedies.

The third principle was that there was a clear limit to the amount of immigration which Britain could absorb, and that it was in the interests of the racial minorities themselves to maintain a strict control over immigration. Only two substantial sources of Commonwealth immigration remained – the close dependants of immigrants settled in Britain and United Kingdom passport holders from East Africa.

The fourth principle of Government policy was that, although effective legislation against racial discrimination was a necessary condition of equal opportunity and good race relations, it was not in itself a sufficient or complete condition. The success of legislation depended upon the leadership of Government and Parliament and upon the response of society as a whole. A wide range of administrative and legislative measures was needed to give practical effect to the objectives of the law.

Experience

Mr Jenkins said that the Government now had the experience of ten years of working the present legislation. He was 'not too much impressed by those who harp continually' on its weaknesses and imperfections. Today the Government was in a substantially better position to remedy these defects, partly because of its better understanding of the problems and partly because of the efforts of the Race Relations Board and the Community Relations Commission to make the legislation work. These two statutory bodies had been valuable sources of information, advice and constructive criticism – agencies whose tasks had been considerable and whose achievements real. Yet, at the end of this ten-year period, both bodies had drawn attention to the inability of the existing legislation to deal with discrimination, especially in employment and housing, to a lack of confidence among minority groups in the utility of the law and to a lack of total credibility in the efficacy of the work of both the board and the commission.

Not all the evidence was grim and discouraging, continued Mr Jenkins. An encouraging report about general attitudes had appeared recently in the press.[1] It was important not to lend credence to unrelieved pessimism and especially important not to associate coloured people only with problems. Mr Jenkins emphasised that attitudes of discrimination applied only to a small minority. The British people with their traditions of tolerance and a stable society had had to confront many problems greater than that which they confronted in this sector but they had reacted with great tolerance.

Provisions of the Bill

The general provisions of the Bill closely follow the White Paper. Part I defines racial discrimination; Part II makes discrimination unlawful in the fields of employment, training and related matters; Part III deals with discrimination in the public and private sectors of education; Part IV concerns other discriminatory practices and advertisements; Part V applies to charities; Part VI contains general exemptions from the scope of the Bill; Part VII provides for the establishment of the new Race Relations Commission; Part VIII deals with enforcement; and Part IX amends the law on incitement to racial hatred.

Matters which were not fully discussed in the White Paper include an exemption applying to certain personal relationships; the responsibilities of the proposed Race Relations Commission; and the question of incitement to racial hatred. The first of these exempts anything done by a person arranging to take children, elderly people or people requiring special care and attention into his home and to treat them as if they were members of the family. The Government considers that it is not in the interests of foster children and others treated as part of a family, or in the interests of good race relations, for the law to apply to such personal and intimate relationships.

The question whether the functions of the new Race Relations Commission should include responsibility for co-ordinating and supporting the 85 local community relations councils was left open in the White Paper. The Government subsequently

[1] A Community Relations Commission survey, *Some of My Best Friends . . . a Report on Race Relations* published at the beginning of March (45p), found that the number of people thinking that feelings between black and white people had improved had risen from 6 per cent in 1968 to 32 per cent in 1974-75. The survey results indicated that a turning point was being reached where attitudes were beginning to change and that there was a strong possibility that race relations could now make marked progress.

decided that the only practicable way of preserving the vital work of the local councils was by giving the Community Relations Commission's present responsibilities to the new commission (see p 47).

The amendment to the law on incitement to racial hatred was described by Mr Jenkins as 'modest but significant'. Under the existing legislation a person is guilty of an offence if it can be proved that he or she has circulated written matter or used in public words which are threatening, abusive or insulting with the deliberate intention of stirring up racial hatred. Under the new legislation it would no longer be necessary to prove deliberate intent. Prosecutions of this kind would be brought only by or with the consent of the Attorney General.

Opposition View

Speaking for the Opposition, Mr William Whitelaw said that although there might be differences on details or methods the Conservative Party was agreed on the main objectives of the Bill. They all wanted to promote good race relations, and were completely committed to the principle of non-discrimination. He was concerned, however, about whether the policy of strict control of immigration was working satisfactorily and whether it was seen to be doing so. Two important issues were illegal immigration, together with over-staying entry conditions, and immigration statistics. He agreed that there were unsubstantiated claims about the numbers evading controls and over-staying, but said that he hoped that if they had any substance firm action would be taken and that proper checks would be instituted to prevent over-staying. If such evasion were taking place on any substantial scale it would render the Bill of little value and would be unfair to those families from the New Commonwealth and Pakistan who had come to Britain legally and wished to settle as full British citizens. On the question of statistics, Mr Whitelaw asked how it could be certain that the basic requirement of the Government's policy – a really strict control of immigration – was being met unless statistics were presented on a widely acceptable and understandable basis. He believed that a totally independent inquiry was needed into the way in which immigration statistics were collected, compiled and presented.

Mr Whitelaw said that he disagreed with the extension of the legislation to cover clubs (see p 417, 1975). He believed that there was a mood of Increasing tolerance in working men's clubs and, left to themselves, the vast majority of clubs would not exercise discrimination on racial grounds.

New Towns

The latest development in Britain's new towns policy is a Government Bill under which housing interests in the new towns would eventually be transferred to local housing authorities.

Interest overseas in Britain's experience of new town planning and urban development has led to the setting up of a special consultancy unit within the Department of the Environment.

NEW TOWNS (AMENDMENT) BILL

The New Towns (Amendment) Bill, introduced in the House of Commons on 12 March (*Hansard*, col 807), received a second reading there on 23 March (*Hansard*, cols 212-358). The main purpose of the Bill is to provide for the transfer to local authorities of the interest in housing which is at present among the responsibilities of the Commission for the New Towns and of the new town development corporations. It also provides for an increase in the maximum number of ordinary members of development corporations, from 7 to 11, so as to facilitate the inclusion in them of both local authority representation and professional or commercial expertise.

Administration of the New Towns

Of the 29 new towns designated in Great Britain (21 in England, 2 in Wales and 6 in Scotland) since the New Towns Act of 1946 initiated the policy of planned decentralisation from congested urban areas, 25 are still administered by the development corporations set up at the time each new town was designated. The assets of the other four have been transferred to the Commission for the New Towns, established in 1959 to take over and manage the property of development corporations when the period of rapid economic growth had been substantially completed. Both the corporations and the commission work in close co-operation with existing local authorities in the areas concerned.

Early in 1975 proposals for future policy in the new towns were circulated to interested bodies by the Department of the Environment in the form of a consultative document (see pp 168-9, 1975). The matters dealt with in the new Bill were among changes then proposed.

Principle and Procedures

Opening the debate on the second reading, Mr John Silkin, Minister for Planning and Local Government, said that the Bill was a first step in a return to one of the principles of the original New Towns Act of 1946, which had envisaged that as each new town corporation was wound up its assets should go to the local authority. This principle had been changed, he said, by the setting up of the Commission for the New Towns. The transfer of housing – and related assets such as local recreational areas and neighbourhood shops – to the local authority would enable the people living in new towns to have 'the same democratic control of their local environment as people living in Britain's other towns and cities'.

The minister outlined procedures to be adopted under the Bill. These would include the making of housing transfer schemes locally in each new town, the approval of schemes by the Government and the implementation of each scheme when it had been approved. The first possible date for transfer would be 1 April 1977.

The Bill provides that, after 15 years from the date of designation of a new town, either the corporation or the district council may apply to the appropriate Secretary of State with a view to a

transfer scheme being made (although it does not totally exclude transfers before that time has elapsed). It would thus be possible to consider immediately the question of transfer in the case of commission and other 'first generation' new towns. The Government, Mr Silkin said, would look to the development corporations, with the co-operation of the local authorities, to make sure that every family was kept fully informed at each stage of a transfer scheme, and was not 'left to speculate about changes which may or may not happen'.

Finance

The Bill also deals with the financial basis of transfer. Along with housing assets, local authorities would take over the outstanding loan debt. They would continue to receive housing subsidies on the same basis as the corporations or the commission would have received them (that is, on broadly the same basis as existing local authority subsidies) and they would make decisions on rents. The Secretary of State would be empowered, with the consent of the Treasury, to pay transitional grants to councils if the transfer resulted in an 'undue burden on either tenants or ratepayers'.

Transfer of Staff

Since the transfer of housing would also require a transfer of staff, the Bill contains clauses designed for the protection of employees and includes provision for the setting up of a New Towns Staff Commission to consider, in the context of the Bill, the effect of the proposed transfer on the terms and conditions of service of staff of corporations, the commission and local authorities, and to make recommendations. (Pending the constitution of the commission on a statutory basis when the Bill becomes law, the appointment of an advisory committee, under the chairmanship of the chairman-designate of the commission, Sir Richard Hayward, was announced on 23 March.)

Priority for Rented Housing

During the course of the debate an Opposition amendment drawing attention to the Bill's failure to provide any right for new town tenants to purchase their homes was rejected. Referring to the amendment, Mr Ernest Armstrong, Parliamentary Under-Secretary of State, Department of the Environment, said that the first consideration of all public housing authorities must be to provide housing for those in greatest need and, in the case of new towns, for people moving there in accordance with the stated objectives of the new towns policy. In these circumstances, first priority would as a rule have to go to rented housing, and the housing authority must be able to ensure a sufficiently large rented housing stock for this purpose. It would be possible, he said, to contemplate sales to sitting tenants in new towns where this would be consistent with the maintenance of a sufficient stock of rented housing. The Government did not say that selling council houses was necessarily wrong in all situations, but it was a matter which should be decided 'against the background of a full and balanced assessment of council housing need'. Where houses were transferred from the new towns to local authorities, 'it is surely right that the question of their sale to tenants should be considered by the authorities in the light of their assessment of the local housing situation'.

BRITISH URBAN SERVICES DEVELOPMENT UNIT

In response to the interest shown by a number of countries in drawing on Britain's experience and ability in the field of new towns and urban development, a special unit has recently been set up in the Department of the Environment. Designed to provide on a commercial basis a consultancy service to overseas clients, the British Urban Development Services Unit has a small nucleus of full-time staff and is able to draw on the expertise of the new town corporations as well as of Government departments. The intention is that the costs of the unit will eventually be met in full from the charges made for its services. The unit will work in association with private sector consultants and will maintain close liaison with the Construction Exports Advisory Board (see pp 365-6, 1975).

European Architectural Heritage Year

The final meeting of the United Kingdom Council for European Architectural Heritage Year (EAHY – see p 451, 1975) was held at St James's Palace, London, on 19 February, under the chairmanship of the Duke of Edinburgh, President of the Council. Over 150 delegates, representing a wide cross-section of conservation interests, attended, and speakers included Mr Anthony Crosland, Secretary of State for the Environment, the Countess of Dartmouth, Chairman of the United Kingdom Executive Committee, Lord Duncan-Sandys, Chairman of the Council of Europe's International Organising Committee for the campaign, and Lady Birk, Parliamentary Under-Secretary of State at the Department of the Environment.

In the course of the meeting certificates were presented to 11 local authorities in Britain which won special European awards for conservation work, in a competition arranged by the International Organising Committee in conjunction with the European Conference of Local Authorities.

The final report to the United Kingdom Council on the EAHY campaign (available from the United Kingdom Secretariat/Civic Trust, 17 Carlton House Terrace, London SW1Y 5AW, price 75p) was published to coincide with the meeting.

Britain's Achievement

Reviewing the progress of the campaign, Lady Birk told the council that Britain had already fulfilled many of the aims of EAHY, and 'in spite of economic difficulties, it has been a success'. While conceding that much more remained to be done, she claimed that the net gain of over 19,000 listed buildings (buildings given special legal protection because of their architectural or historic interest) during Heritage Year, an increase in civic awareness

and a proliferation of amenity groups had given conservation 'a solid contemporary foundation'. She reaffirmed the Government's commitment to match private contributions to the Architectural Heritage Fund (see p 336, 1974), pound for pound, up to a total of £1 million.

Heritage Educational Group Formed

On 4 February it was announced that, in order to continue efforts in conservation education made during EAHY, Lady Birk had set up a Heritage Education Group, under the chairmanship of Professor Asa Briggs, Vice-Chancellor of the University of Sussex. It would be the group's aim to mobilise opinion and activity in conservation and the design of new buildings.

Royal Commission on the Press

In order to enable the national newspaper industry to overcome its present difficulties, financial assistance from outside the industry is needed to help meet the cost of reductions in manpower and of investment in new technology. This is the main conclusion contained in an interim report (*The National Newspaper Industry*, Cmnd 6433, HMSO, £1·50, ISBN 0 10 164330 6) published on 17 March by the Royal Commission on the Press in response to a request by the Government that it should inquire into the financial situation of the national newspaper industry and recommend ways of dealing with its problems in the short-term – taken to be the period up to early 1977, when the commission expects to publish its final report (see p 153, 1974 and p 423, 1975).

Conclusions

The commission studied the eight national daily,[1] the seven Sunday and the two London evening newspapers, and found the financial position of the industry to be very poor: in 1974, it states, only three daily and three Sunday newspapers made profits, and in 1975 only four dailies and one Sunday did so. A long-term decline in circulation, a fall in advertising revenue and increases in the cost of newsprint contributed to this.

Concluding that there is no immediate prospect of increasing newspapers' revenue, the commission considers that the only adequate means of cost-saving is to secure higher productivity through reductions in manpower and the introduction of new technology in production methods. The commission estimates that the cost of redundancy payments would be up to £30-£35 million, and that investment in new technology would require some £20 million. This expenditure would have to be met over the next four years and would result in estimated annual savings of about £35 million. These changes says the commission, can only be made quickly and effectively if socially acceptable terms are agreed, and this can best be achieved by the establishment of a joint standing committee representing both sides of the industry.

Recognising the need for some financial help from outside the newspaper industry, though not by way of a general subsidy, the commission considers that assistance should be drawn as far as possible from the private sector. It suggests that the most appropriate source of aid would be Finance for Industry Ltd (FFI) which is not a Government agency but was formed in 1973 to provide loans and advice for the re-equipment and development of small and medium-sized companies (see p 511, 1973). If there is any newspaper which cannot meet FFI's requirements, the Government should make loans available in cases of proven need under the provisions of the Industry Act 1972. Subject to the establishment by the industry of a joint standing committee, assistance should be made available for agreed compensation for redundancy, for contributions towards an agreed scheme for decasualisation of the labour force, and for capital expenditure on new technology.

As an incentive to the adoption of such measures throughout the industry, the commission also recommends that, for a limited period, the Government should give relief on interest rates on loans, irrespective of the source of borrowing.

Government Response

In a statement to the House of Commons (*Hansard*, 17.3.76, cols 1321-6) Mr Peter Shore, Secretary of State for Trade, said that the Government agreed with the Royal Commission's view that a general subsidy for the Press was unnecessary and could be avoided by the introduction of new equipment and by agreed voluntary redundancies. Recognising the importance of a co-ordinated implementation of such measures, he said that there were still a number of issues to decide, and that firmer estimates would be needed of the costs and savings involved. The Government would be asking the industry's joint committee to let it know by the end of June what redundancy and compensation figures it had agreed upon; and would ask individual newspapers to submit, by the end of July, similarly agreed figures for their own costs and savings. On the basis of such information, the Government would then urgently consider what role it could most usefully play.

[1] The *Morning Star* asked to be excluded from the inquiry.

DOCUMENTATION

Documentation excludes publications referred to in Survey articles)

Government and Administration

The Royal Yacht and the Queen's Flight. COI, SN3822.

Parliamentary Broadcasts. The House of Commons has voted in favour of the permanent sound broadcasting of its proceedings (*Hansard,* 16.3.76, cols 1132-97). This follows the resumption of a debate on the proposal which had been adjourned on 8 March because of lack of time (see pp 99-100). The House of Lords similarly agreed with a motion in favour of sound broadcasting of its proceedings (*Hansard, HL,* 16.3.76, cols 157-205).

The Official Opposition in the British Parliament. COI, SN5665.

Civil Service Year Book 1976. HMSO, £3·50. ISBN 0 11 630241 0.

The Department of Housing, Local Government and Planning (Dissolution) Northern Ireland Order 1976. This Order makes provision for the merging of the department with the Department of the Environment (Northern Ireland), in the interests of greater efficiency and the streamlining of the administration.

Report on Remedies in Administrative Law. A report to the Lord Chancellor by the Law Commission. Cmnd 6407. HMSO, 75p. ISBN 0 10 164070 6.

External Affairs and Defence

United Nations No 1 (1976) Report on the Proceedings of the Thirtieth Session of the General Assembly of the United Nations held at New York from 16 September to 17 December 1975 and on the Proceedings of the Security Council. Cmnd 6411. HMSO, £1·35. ISBN 0 10 164110 9.

Exchange of Notes between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the United States of America concerning a United States Navy Support Facility on Diego Garcia, British Indian Ocean Territory. (The Diego Garcia Agreement 1976.) Cmnd 6413. HMSO, 22p. ISBN 0 10 164130 3.

Convention on the Recognition and Enforcement of Foreign Arbitral Awards. New York, 10 July-31 December 1958 (see p 130, 1975). [The United Kingdom instrument of accession was deposited on 24.9.75 and the convention entered into force for the United Kingdom on 23.12.75.] Cmnd 6419. HMSO, 28p. ISBN 0 10 164190 7.

Economic and Scientific Affairs

Some Recent Advances and Developments in Britain. COI, R5656/22.

Recent Developments in the UK and world economy, March 1976. A report published by the National Economic Development Office (NEDO) which suggests that the first signs of recovery from the world recession are now apparent in several countries, notably the United States of America, but that there are as yet few indications as to how rapid or long-lived the recovery will be.

The report covers short-term economic developments (measured in half years over the past three years) in Britain, the USA, France, the Federal Republic of Germany, Japan, Sweden, the European Community and the Organisation for Economic Co-operation and Development. Available from NEDO, Millbank Tower, Millbank, London SW1P 4QY. £1·50. ISBN 0 7292 0014 0.

Report from the Committee of Public Accounts, Session 1974-1975. Memorandum submitted by the Northern Ireland Department of Finance. Cmnd 6286. HMSO, 12p. ISBN 0 10 162860 9.

Development Land Tax (DLT). The Development Land Tax Bill received its second reading on 15 March (*Hansard,* cols 940-1070). The Bill contained a number of changes from the proposals outlined in the White Paper *Land,* Cmnd 5730 (see pp 103-4, 1975), the most important being the increase in the basic exemption from £5,000 to £10,000. This exemption would apply to both husband and wife whereas the original proposal was for a married couple to share a single exemption of £5,000. Other changes include the introduction of a lower rate of DLT [of 66·66 per cent for the first £150,000 of chargeable development value realised in any financial year] until 31 March 1979 and the abandoning of interest charges on DLT payable by instalments, except where the instalments are overdue.

Minimum Lending Rate (MLR). The Bank of England's MLR fell by 0·25 per cent on 23 January, followed by two falls of 0·5 per cent on 30 January and 6 February to reach 9·5 per cent. *Economic Progress Report No 72,* prepared by the Information Division of the Treasury. Available from Circulation Section (H), Central Office of Information.

Import Duties Act 1958. Annual report by the Department of Trade for the year ended 31 March 1975. HMSO, 35p. ISBN 0 10 219476 9.

European Community. Agreement between the European Economic Community and the Republic of India on Trade in Textile Products. Cmnd 6425. HMSO, 28p. ISBN 0 10 164250 4.

Employment in the public and private sectors 1959-74. A recent article gives mid-year estimates of employment in Britain by sector and by broad industry group for each year from 1959 to 1974. The article shows that about one-quarter of the total employed labour force is employed in the public sector, the proportion having risen to 27·2 per cent by mid-1974 compared with 25 per cent in 1959 and a low point of 23·7 per cent in 1965. *Economic Trends, No 268,* February 1976.

OECD Manpower and Social Affairs Committee. The first ministerial-level meeting of the committee was held in Paris on 4-5 March under the chairmanship of M. Michel Durafour, Minister of Labour, France. [Britain was represented by Mr Harold Walker, Parliamentary Under-Secretary of State for Employment.] At the meeting, the OECD Council endorsed the views expressed in the committee's report of 3 March on a General Employment and Manpower Policy and recommended that member countries periodically examine their policies in the light of the report so as to attain the objective of full employment, in particular by: continuing to pursue an active manpower policy linked to general economic policy; systematic use and evaluation of selective employment and manpower measures; special assistance to disadvantaged groups; balanced development of income maintenance and of positive manpower utilisation measures; international co-operation; co-ordination of all elements of policy affecting employment and manpower; and the continuing co-operation and involvement of workers, employers and their representatives. The council also invited member countries to report to the OECD on steps taken to implement the recommendation not later than 31 March 1977 and subsequently at intervals to be determined by the committee. OECD press notice, 5.3.76.

New Earnings Survey 1975. Part E. Analyses by Region and Age-group. Department of Employment (see also p 496, 1975 and pp 44-5, 93, 130). HMSO, 80p. ISBN 0 11 723800 7.

Petrol Prices. Department of Prices and Consumer Protection. The report concludes that price competition is now an established feature of petrol retailing in Britain and that its intensity will fluctuate. No further price regulations, beyond the provisions of the Price Code, will be introduced. HMSO, 45p. ISBN 0 11 511720 2.

Office of Fair Trading: Restrictive Trading Agreements and Recommendations Relating to Services – A Guide to Registration 1976. From 22 March a wide range of service industries, including advertising, road haulage, repair and maintenance services, holiday tour operators, hotels, taxis, hairdressers, laundries, estate agents and many others, comes within the provisions of the restrictive trade practices law. The booklet gives guidance to trade associations, professional bodies and firms about the new legal requirements concerning restrictive trade agreements in the services sector. Existing agreements must be registered with the Office of Fair Trading before 21 June, unless by then they have been terminated. A range of professional services and certain commercial services, such as international sea and air transport and certain activities of banks and insurance companies, are exempt from the new legislation. Notice of the Government's intention to extend the legislation, which previously applied only to the supply and manufacture of goods, was given in 1974 (see p 363, 1974). Booklet available free from Office of Fair Trading, Chancery House, 53 Chancery Lane, London WC2A 1SP.

Development of the Strategic Plan for the South East. An interim report commissioned by the Department of the Environment and the Standing Conference on London and South East Regional Planning. February 1976.

Department of Industry. CFIT Paper No 1. Social aspects of innovation and industrial technology. A survey of research by L. F. Abbott. HMSO, £1·75. ISBN 0 11 511681 8.

Property Services Agency: its work and its people. Available from the Technical Information Service of the Property Services Agency, Room 1643, Lunar House, Wellesley Road, Croydon CR9 2EL.

Property Services Agency Supplies. Property Services Agency (PSA) Supplies has been established, under the Property Services Agency Supplies Trading Fund Order 1976, as an accountable unit of management operating on its own trading fund. PSA Supplies provides all kinds of equipment and stores for Government departments and their clients throughout the world. Under the new arrangements PSA Supplies, which remains part of the Property Services Agency, will be financed not by money voted to it by Parliament but by revenues it receives from the sale of goods and services to its customers. Department of the Environment press notice, 31.3.76.

The Distributive Trades. COI, FSB/F8.

Britain: Hotels and Restaurants 1976. An official guide of the British Tourist Authority incorporating town plans and touring notes. British Tourist Authority. £1·90. ISBN 0 85630 092 6.

Energy Policy: New Criteria. In a reply to a parliamentary question on 16 February (*Hansard*, written answers, cols 474-5) the Secretary of State for Energy stressed the need for new criteria governing the development of energy policy.

'The governing assumptions and methods by which energy policy has developed over past years now need to be re-examined in the light of changing circumstances. New criteria, for example the need for long-term conservation measures and the need to develop all the fuel industries on a secure basis to meet the expected energy gap in the 1990s and beyond are required. The key role of government in developing an integrated energy policy in conjunction with the industries and those that work in them also requires further consideration. This should be done as publicly as possible so that the interests of domestic and industrial consumers long term, as well as short term, can be safeguarded, along with the interests of supplying industries, and the community as a whole. I intend to proceed on this basis.' (See also pp 119-20.) Department of Energy press notice, 16.2.76.

Lead Content in Petrol. Further reductions in the maximum permitted lead content of petrol were announced by the Minister of State, Department of the Environment, on 4 March (*Hansard*, col 1671).

There would be a policy of staged improvements to bring down the maximum to 0·50 grams per litre as soon as practicable and to 0·45 grams per litre by 1978 and to 0·40 grams by 1981 to keep in harmony with general European standards. Department of Environment press release, No 203, 5.3.76.

Nuclear Fuel Reprocessing. The Secretary of State for Energy has announced that British Nuclear Fuels Ltd may accept new contracts for reprocessing irradiated nuclear fuel from overseas, subject to contracts containing options to return waste to the country of origin and to the negotiation between the British and other Governments concerned of suitable understandings to support these options. *Trade and Industry*, 19.3.76, p 783.

Census of Motor Vehicles 1975. In the third quarter of 1975 there were 17·5 million vehicles on the roads of Great Britain including 13·7 million cars, 1·8 million goods vehicles, 1·2 million motor cycles, scooters and mopeds, and 112,000 public transport vehicles. The increase in the number of cars was exceeded by the rise in motor cycles and mopeds for the first time since 1951. Department of the Environment press notice, 3.3.76.

Road Accidents in Great Britain 1974. HMSO, £2. ISBN 0 11 550235 1.

Electronic Telephone Exchanges. The first of a new series of electronic telephone exchanges, the TXE4, has been brought into operation in Birmingham. Some 84 TXE4s are on order. The Post Office is planning to spend £330 million on electronic exchanges over the four years to March 1980 to replace old electro-mechanical systems. Post Office press notice, 15.3.76.

Biochemical Engineering. Report by the Science Research Council on the exploitation of living organisms which carry out useful reactions as part of their natural function. They are used in sewage treatment, food processing, brewing, dairying and manufacture of drugs. The report indicates areas of industrial relevance where university research should be encouraged. Obtainable from SRC, State House, High Holborn, London. Free.

World Health Organisation. International Agency for Research on Cancer. Annual Report 1975. HMSO, £2·40. ISBN 0 11 950780 3.

Social and Cultural Affairs

The General Household Survey 1973. Presents 1973 information on such topics as housing, household composition, employment, education, health and leisure. The survey is based on a voluntary random sample of some 15,000 households throughout Great Britain. HMSO, £4. ISBN 0 11 700813 3.

Census 1971: Great Britain. Migration Tables. Part II (10 per cent sample). Analyses migrants (defined as persons whose usual address one or five years before the date of the 1971 census was different from their usual address at the day of the census) in Great Britain, England, Wales and Scotland on the basis of a number of criteria, including type of move, socio-economic group of family head, household tenure, amenities and density. The first part of the report on migration was published in January 1975 (see p 83, 1975). HMSO, £1·80. ISBN 0 11 690544 1.

Privacy and the Press. The Prime Minister, Mr Wilson, announced in a speech that the Government had been considering urgently possible changes in the law so far as it affected press freedom. The work has been linked with a strong desire to work out proposals to ensure an effective right of privacy for the family and the citizen. A Government discussion paper is planned on the issues raised by recent reports on privacy, contempt of court and defamation. Prime Minister's Office press notice, 5.3.76.

Prisons in Scotland. Report for 1974. Cmnd 6350. HMSO, £1·40. ISBN 0 10 163500 1.

Criminal Law: Report on Conspiracy and Criminal Law Reform. One of the main proposals in this Law Commission report is that conspiracy should only be an offence if the object of the agreement is itself a criminal offence. HMSO, £2·45. ISBN 0 10 217676 0.

Crime as Opportunity. A Home Office research study (number 34) which concludes that it would be valuable if criminologists were to take a greater interest in techniques which seek to reduce crime through reducing opportunity for it. HMSO, 70p. ISBN 0 11 340674 6.

Social Services. COI, FSB/C1.

The Facilities and Services of Mental Illness and Mental Handicap Hospitals in England and Wales. Statistical and Research Report Series No 11. Department of Health and Social Security and Welsh Office. HMSO, 1976. £2·95. ISBN 0 11 320653 4.

Eastern Health and Social Services Board Northern Ireland, First Annual Report. Year ended 31 December 1974 (incorporating period 1 October 1973-31 December 1973). Century Services Limited. £1.

University Grants Committee. Annual Survey. Academic Year 1974-75. Cmnd 6435. HMSO, 50p. ISBN 0 10 164350 0.

Chairman's Report to the Council for the Academic Year 1974-75. Inter-university Council for Higher Education Overseas, 90-91 Tottenham Court Road, London WI.

Housing in Northern Ireland. Parliamentary Debates. House of Commons Northern Ireland Committee – First and Second Sittings. HMSO, 29p.

Planning in the United Kingdom. The United Kingdom's national report to HABITAT, the United Nations Conference on Human Settlements, to be held in Vancouver from 31 May to 11 June 1976. The report outlines the history of British environmental planning and reviews the present system. It contains maps, diagrams and illustrations in colour and black and white. Obtainable from the Department of the Environment, 2 Marsham Street, London SW1P 3EB. £10.

Inner Area Studies. A further report has been published by the Lambeth Inner Area Study consultants:

London's Inner Area: Problems and Possibilities (75p.) The report may be purchased from the Department of the Environment, Room P2/127, 2 Marsham Street, London SW1P 3EB. (For earlier Inner Area Studies reports see pp 360, 1972; 297, 1974; 173, 383 and 499, 1975.)

Report of the Royal Fine Art Commission for Scotland. 1 January 1973-15 May 1975. Cmnd 6389. HMSO, 35p. ISBN 0 10 163890 6.

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